

# POVERTY AND SOCIAL CHANGE

A Study  
in the Economic Reorganisation  
of Indian Rural Society

*by*  
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## PREFACE

THIS BOOK has a single purpose: to examine the conditions upon which we may hope to free our masses from their poverty.

Its central ideas have taken shape gradually over a period of six or seven years, largely as a result of personal experience and observation as a district official in the Punjab. With the object of understanding the poverty that haunts our villages, I carried out a survey, in 1940, of 1,132 families, representing nine villages in the Hissar district, which was then in the second year of a severe famine. The circumstances of each family, before and during the famine, were ascertained in much detail. The famine was a kind of crisis in the life of the rural community, and revealed both the strength and the weakness of each group, and of the structure of village society. The sample of 1,132 families was like a laboratory in which one could study at close range the working of social forces and of the leading social and economic relationships between the various groups in the rural society of that area. This investigation was followed by further inquiries during settlement operations in Jhelum and in two canal colonies in the Punjab, the Lower Bari and the Nili Bar, and by short visits to three other provinces.

This book does not set out to be a plan. It offers a framework of general ideas and principles which can serve perhaps as a preface to a plan of economic and social development conceived in the interest of the masses and based upon an understanding of the structure of Indian rural society. Many students of Indian problems are already feeling their way towards similar



ideas. I have only tried to work them into some sort of synthesis, to give a little more detail to the picture, and to indicate how, out of these ideas, with the conquest of poverty as the coordinating objective, it may be possible to develop a working philosophy of social action, capable of achieving, in Indian conditions, a society free from poverty and social injustice.

The preparation of a book which bears upon fundamental issues and seeks constructive and peaceful solutions is itself a social process, and the author is little more than a *rapporteur*. Many of the detailed suggestions here offered were first made to me by villagers. Almost every idea in the book was tested in discussion with peasants in the summer of 1944, when I was able to visit selected villages in seventeen different districts in the Punjab. Discussions in the Indian Society of Agricultural Economics have also been very helpful. The book owes much to my friend, Mr. E. M. R. Lewis. For a whole year he has made its theme his own; he has been a partner, as it were, in a joint enterprise, and every chapter bears the stamp of his suggestive criticism. Several of the more important arguments in the book have been greatly influenced by my frequent discussions with Dr. P. S. Lokanathan. At different stages in the growth of the ideas contained in this book, I received valuable suggestions and no little support from a large circle of friends. Among them, I take the liberty of mentioning particularly, Sir Manilal Nanavati, Mr. P. N. Thapar, Dr. Gyanchand, Mr. Bhagwan Sahay, Mr. B. F. H. B. Tyabji, Mr. R. F. Fowler and Mr. Mohammad Shaghil. I have also received help in generous measure from Mr. S. Subramaniam in my statistical work, and from Dr. Baini Prashad in the final stages of the book.

It remains for me, to acknowledge the debt I owe to my wife, who will, I hope, accept this book as a small offering. For five years she has shared its faith and added to my own.

I should like to say, finally, that this work has been undertaken in an entirely private capacity.

*Secretariat, New Delhi,  
February, 1945*

*T. S.*



# CONTENTS

	<i>Page</i>
<i>PREFACE</i> .. ..	iii
<i>INTRODUCTION</i> .. ..	i
<i>CHAPTER I</i> .. ..	<i>Analysis of Poverty</i>
Poverty : Urban and Rural .. ..	15
Indian Rural Society .. ..	16
Composition of a Peasant Village .. ..	21
Basic Characteristics of Rural Society .. ..	23
Tenants-at-Will .. ..	28
Village Servants and Labourers .. ..	29
Village Artisans .. ..	32
Money-lenders and Shopkeepers .. ..	33
Those who depend on Religion or Charity .. ..	34
Some Leading Considerations .. ..	35
<i>CHAPTER II</i> .. ..	<i>Reorganisation of the Rural Economy</i>
The Central Problem .. ..	39
Peasant Proprietorship .. ..	41
Nationalisation of Superior Rights .. ..	45
Nationalisation of Peasant Rights .. ..	48
Nationalisation of Land held by Big Landlords .. ..	49
The Principle of Cooperation .. ..	51
Search for a New Principle .. ..	55
<i>CHAPTER III</i> .. ..	<i>Joint Village Management</i>
Joint Management .. ..	57
Technique and Size of a Farm .. ..	58
Significance of Joint Management .. ..	64
Work Income and Ownership Dividend .. ..	66

# CHAPTER IV      *Problems of Internal Organisation*

Work Units .. .. .	72
The Choice of Workers .. .. .	80
Allotment of Work Units .. .. .	91
Cattle under Joint Management .. .. .	99
Some Further Questions .. .. .	104

# CHAPTER V      *Reorganisation and Agricultural Employment*

Labour Surplus .. .. .	107
Estimating Probable Agricultural Employment .. .. .	108
Estimating Number of Potential Workers .. .. .	111
Madras .. .. .	116
Bombay .. .. .	120
Sind .. .. .	121
Bengal .. .. .	122
United Provinces .. .. .	122
Punjab .. .. .	124
Central Provinces and Berar .. .. .	125
Bihar .. .. .	126
Orissa .. .. .	127
Assam .. .. .	128
North-West Frontier Province .. .. .	129
Ajmer-Merwara .. .. .	130
Coorg .. .. .	131
Delhi .. .. .	131
British India .. .. .	132

# CHAPTER VI      *The Village in the Industrial Structure*

The Significance of Industry .. .. .	138
Integration of Rural and Industrial Economy .. .. .	140

	<i>Page</i>
Village Artisans .. ..	142
Processing of Local Products .. ..	143
Decentralisation of Industry .. ..	144
Forms of Industrial Organisation .. ..	145
Broad-based Investment and Public Management .. ..	147
Lines of Development .. ..	151
 <i>CHAPTER VII</i>	 <i>Administrative Problems</i>
Prerequisites of Planning .. ..	159
The Peasant's Mind .. ..	160
Policy and Experiment .. ..	161
Planned Experiments .. ..	163
Enabling Legislation .. ..	166
Further Measures .. ..	168
 <i>CHAPTER VIII</i>	 <i>Implications of Change</i>
<i>A NOTE ON INDIAN REVENUE TERMS</i>	197
 <i>APPENDIX</i>	
Table I : General Statistics, 1941 .. ..	199
Table II : Work Animals and Cultivated Area .. ..	200

## INTRODUCTION

WHY IS it that millions of our people live in a condition of struggling poverty? Mass poverty in India is, basically and to an overwhelming degree, a rural problem. It is implicit in the present structure and economic basis of our rural society. If we are to abolish poverty, we must rebuild our social and economic foundations.

The phenomenon of poverty is as complex as society itself. It connotes different standards of life and suggests different sets of causes to different groups in our rural community. We should, therefore, have the whole picture of poverty before us, and endeavour, in all our plans, to set such forces in motion as will liberate and help the growth of every section of the community. The true planner will identify himself with society as a whole and, while he has to be conscious of conflicts and differences within the society, his supreme guiding principle must be the interest of the masses. In the midst of narrow loyalties and small aims, this principle will give him a sure sense of direction.

The main issues can be set out in a few words. Apart from plantations and partially excluded areas, with which we are not concerned in this study, rural society in India divides broadly into (1) peasant society, and (2) non-peasant society. Peasant villages, which cover by far the greater part of the country, are of two kinds. In one category we have villages in which land belongs to peasant proprietors. Such villages exist, for instance, in Madras, Bombay, Berar, Assam, and parts of the United Provinces and the Central Provinces. In a second category we have the village communities

of *zamindari* areas like Bengal, Bihar and parts of Madras, Orissa, the United Provinces and the Central Provinces. Here, control over the use of land belongs to occupancy tenants with permanent and hereditary rights in the soil. These tenants are akin in function and to a large extent in status to peasant proprietors, but they have to pay rents to certain 'superior' parties who, in turn, are responsible to the State for the payment of its dues.

Both types of villages have the same internal structure. In each of them, the rural community divides into six groups: (1) those who own land or have a heritable occupancy interest in it, (2) tenants-at-will or sub-tenants, (3) village servants and labourers, (4) village artisans, (5) money-lenders and shopkeepers, and (6) those who depend on religion or charity. The vital problems for each group in both types of villages are also much the same. Peasant farmers have holdings which are small and uneconomic. Tenants-at-will are obliged to pay exorbitant rents. Village servants and labourers are victims of a grim poverty, which is often bound up with personal subservience and a system of social tyranny. Rural artisans have to be brought into a new relationship with modern industry. Both in *zamindari* and non-*zamindari* villages, therefore, similar principles of economic reorganisation have to be pursued. The important point of distinction between them, however, is that in *zamindari* villages we have to discover a method for dealing with the rights of 'superior' parties, in fact of by-passing them or setting them aside, before we can undertake any serious or fundamental reorganisation. A solution to this problem is offered in Chapter II.

Non-peasant society comprises areas in which

ownership and management of land rest wholly and directly with substantial landlords. Such landlords are to be found in every part of the country, but are perhaps most conspicuous in Sind, Rajputana and the Punjab. The areas held by them are large enough to form efficient and prosperous economic units. Most landlords are, however, content to play the rôle of rent-receivers, and do not care to invest in the improvement of the soil, so that both the worker and the land he works upon are equally exploited.

At this stage in the growth of public opinion and of social forces, landlords should be induced by two sets of measures to become efficient and progressive managers of their own land. In the first place, their areas must fit into the scheme of our planned economy, so that the crops which they grow and the manner in which the produce is utilised are determined in terms of public policy. Secondly, it is necessary to limit the extent to which a landlord can afford to be inefficient. Excessive rents earned without effort and a system of land taxation which fails to distinguish between large holdings and small holdings encourage inefficiency among substantial landlords. But if rents are limited by legislation, wages approved by the State, and land revenue rates graduated so as to increase with the area of land held by an owner, landlords will be increasingly driven to look after their land, to develop its resources and to experiment with new techniques with the object of reducing costs. Areas under the direct ownership and management of the State may also be considered as part of the non-peasant sector in our rural economy. From what has been said about landlords, it will be clear that, in principle, land belonging to the State should not be given over for temporary cultivation to lessees



or allotted to small ~~faen~~ to be turned in time into petty and uneconomic holdings. It should instead be utilised as State farms which will set the pace for peasant villages.

In peasant villages, in place of the present static economy, we have to create a new system which will be at once dynamic and socially progressive. Our peasant farmers are as shrewd and industrious as any in the world, but their labour yields a poor return. With holdings as they are at present, agriculture is not a profitable industry. Only an expanding economy can produce a surplus for capital investment and for large-scale expenditure on social services, without which a society can make little progress. We have reached a stage in the development of world economy when countries like India, China and Burma and the countries of the Middle East are face to face with a fundamental choice. If they seek economic progress by forced marches, if they wish to eradicate mass poverty, they must discard petty and uneconomic holdings. Every Asiatic country, and India perhaps more than any other, owes it to itself to discover new patterns of social and economic life.

Now, what kind of pattern should we seek for the Indian village? The essence of efficient agriculture consists in combining four separate factors in each farm. These factors are: *first*, an area sufficient for effective operation; *second*, organisation; *third*, capital; and *fourth*, technique at a level which, in given conditions, yields the greatest economies. The first requisite is area. Unless a farm has sufficient area, the other factors cannot operate fully, or to the extent that is necessary. Under modern conditions, in agriculture no less than in industry, capital and organisation are the secret of

successful operation. Our task is so to reorganise peasant villages that these two factors—capital and organisation—can play their full part. Without them, we cannot hope to increase our agricultural production to any great extent. Without them, Indian agriculture cannot attain a condition either of competitive efficiency or of profitability. In other words, the first and foremost object of all agricultural planning in India must be to devise means for securing a large increase in the size of the units of management.

This is the problem for which cooperative farming has long been a familiar answer. Cooperative farming is a suggestive phrase, but what does it mean? At one extreme, the phrase is used to describe a system in which holdings of individual owners remain distinct, but cooperation is extended to a number of operations. Thus, individual owners may cultivate their own holdings, or let land to one another, but may cooperate in buying or selling or in the use of agricultural machinery. At the other extreme, the phrase is used to describe a system in which there is cooperation in all field operations, and individual holdings disappear. This looks like collective farming. Thus the words 'cooperative farming', as used at present, may mean anything from peasant farming with cooperation in certain directions, to complete collective farming. The Bombay Plan commended cooperative farming as the main solution for Indian agriculture, but we do not know in what sense these words were used by the authors.

We should, therefore, be clear on the fundamental issues which arise in any attempt to organise our agriculture on the basis of some kind of joint action on the part of peasants. Under collective farming, there is no individual ownership. The land belongs to the

community. The rights of all members of the community are equal. Differences between one man and another on account of birth or inheritance are not recognised in any manner. But, since all individuals cannot be equal as workers, collective farming allows for differences in output of work, in skill and in capacity. This necessarily leads to differences between the incomes of individuals. Any system of cooperation in agriculture has, therefore, to answer two basic questions: *first*, what are we to do with ownership (or permanent occupancy rights) in land? *second*, how is work to be allotted and evaluated?

In India, we have a long tradition of individual ownership in land. This right has been valued and freely exercised since the earliest recorded times. Our peasant owners and hereditary tenants together form the backbone of India's agriculture. They are the heart and the substance of the civilisation and the social values which the village community represents to this day. In reorganising our rural economy, therefore, we must have the peasants with us, and not against us. Our ideas of reorganisation should, in principle, be acceptable to their common sense and moral values. It follows from this that in any joint system which we work out for our peasant villages, rights of ownership or other equivalent rights in the soil should be recognised and provided for.

But it is equally essential in the ultimate interest of the peasants themselves that ownership should be dissociated from control over the use of separate bits of land within the village. In other words, efficient organisation on modern lines, the use of capital for productive purposes, and crop-planning in harmony with the needs of the entire economy are possible only

if small individual holdings are replaced by large units of management. For the purpose of management, in the plains, in areas which are reasonably secure against crop failures, the unit will ordinarily be the village as a whole. Owners will be entitled to a return on account of the ownership of the capital (in the form of wells and trees) and the land which they have contributed to the village farm. Differences in the extent of ownership will be met through a return called the ownership dividend, which different owners will get from the jointly managed village farm. The system of rentals which prevails in any village or area can be adapted (as explained in Chapter III) into the structure of joint management, so that it is not necessary to fix new rates for rewarding ownership. This conception of ownership dividend is the key to the system of joint village management, and should prove a flexible instrument of economic change in the hands of every village community. In areas in the plains which are exposed to famine or scarcity, or in hill tracts and riverain areas, it will be necessary to accept a somewhat lower level of joint organisation than in secure areas in the plains.

*Joint village management* is perhaps the most concrete and immediately practical form in which we can at present express the general idea of cooperative farming. When a peasant village passes into joint management, in the first instance, we should naturally follow the existing technique. A part of the area of a village may be worked jointly, for instance, for fruit gardening or vegetable farming, but the greater part will be divided (as explained in Chapter IV) into suitable work units, each work unit being operated by a man assisted by the labour of his family. In the allotment of work units, peasant owners who are entitled to

cultivate their own land, if they so wish, will be given priority over non-owners in the village. Such priority will be in keeping with village tradition and with a sociological interpretation of the problems of change in peasant communities. As organisation and technique develop, and village economy becomes more integrated, this principle of decentralised family farm labour will give place to a wage system, in which work is allotted to individuals and not to families, and differences in the nature and output of work are met by differences in the rates of remuneration. When this stage is reached, we shall move rapidly towards a system of cooperative production, which will extend to cultivation as well as to other forms of work. The ownership dividend will then take the form of a share in profits, to be determined by each village community for itself from time to time; in each type of work, wages will be equal, irrespective of whether the workers are owners or non-owners. When the village begins to function effectively as an economic unit in agriculture and in relation to industry, the present division into more or less fixed groups will tend to be modified, and all sections of the community including the 'depressed' classes may hope to achieve equal opportunity and equal freedom. Thus, in attacking the rural problem at the root, we shall strive not only for freedom from poverty, but also for freedom from social injustice and indeed for freedom from those other evils which are fed in turn by poverty and social injustice.

There are three major groups of problems which arise if we wish to transform the present economy by a process of peaceful but rapid change into an economy based on the idea of joint village management. The first set of problems relates to the internal organisation

of the system. At present we can only furnish tentative and preliminary answers, but we may hope to discover new and more satisfactory solutions once we really take our ideas to the fields. The controlling organisation of a village will contain representatives of all families who belong to the village, whether owners or non-owners. Thus, except in so far as peasant owners will be given some preference over non-owners in the first stages of reorganisation, in their social and legal rights and in their right to work all the villagers will be treated alike. In Chapter IV and Chapter VIII we have considered questions such as the following. Will middle owners in peasant villages receive any special consideration? Will it still be possible to sell or mortgage land? Will an individual owner be able to break away once the village is organised on a joint basis? Will those who have comparatively large holdings be allowed to remain out of joint management if they wish to do so? Will cattle be owned individually or jointly? Will non-cultivating owners be able to keep their own milch animals? How will they get the fodder if they do not have any land under their control? Will the members of a village community be free to revert to a system of individual holdings if they do not find joint management to be in their interest? All these are vital questions and villagers have a right to demand practical answers to them.

The second major group of problems arises from the fact that the rationalisation of agriculture implies a reduction in the number of workers who can be employed in cultivation. For at least fifty years it has been known that there is a great deal of under-employment or disguised unemployment in agriculture; but instead of going to the heart of the problem, wise men

have blamed the villager for not knowing how to use his 'periods of idleness'. There is a pathetic irony in this, for only a small proportion of our cultivators have holdings which can absorb the labour of a man assisted by his family or, what often comes to the same thing, the labour of a pair of bullocks. Apart from these 'full-plough' cultivators, there are a great many who are, as it were, 'half-plough' cultivators, carrying on somehow, with perhaps just one bullock and a small-sized holding. There are also a great many who have tiny plots which they cultivate with animals, often hired or borrowed from others. In the main they eke out their living by means other than cultivation—means which are little better than stray, casual and precarious. The condition of non-cultivators is, on the whole, worse than that of cultivators. The increase in population has deepened the poverty of rural artisans, field labourers and village servants, and not many among them have full and regular employment in their own occupations.

When a village passes into joint management we should expect a reduction in the number of men who can work as cultivators on a given area of land, but wage-work of all kinds should increase. In the jointly managed village we have a social instrument, armed with potential resources, and under constant pressure from within itself for creating new employment and assuring to all its members the right to work and live and grow. The State too will be under an obligation to provide the means for full and increasingly diverse employment. The 'surplus' which will be thrown up as a result of the rationalisation of agriculture has been estimated in some detail in Chapter V. Taking only direct agricultural employment into account, it appears

that about  $15\frac{1}{2}$  millions or 28 per cent of our potential male agricultural workers will need new work, within or outside their villages, if we are to have just about the right number of men and no more on the land. If we consider other occupations as well, the best conjecture which we can make is that in British India alone, in the course of the next decade, we must create *new employment* in towns and in villages so as to be able to absorb 21 to 22 million male adult workers, representing 33 to 35 per cent of the population.

This brings us at once to the question of industries. In India, the objectives of industrial development are set, not so much by considerations of defence or foreign trade, as by the problems of mass poverty, that is to say, of rural poverty. Agricultural reorganisation on any large scale cannot be undertaken without a simultaneous growth of industry. Up to a point new industries can be brought into existence through private enterprise. The effects of such industrialisation on the village economy are, however, remote, indirect and unsubstantial. Villagers can participate in privately organised industry mainly as labourers or as producers of raw materials. But the real purpose of industrialisation will only be achieved if it is conceived wholly in the interest of the masses. This is the test by which we should judge every industrial scheme.

This criterion has two important implications in terms of industrial organisation. The first implication is that there must be considerable integration between rural and industrial economy. So long as petty holdings continue, peasant villages cannot be the organisational base for such integration. But if we reorganise our peasant villages on the basis of joint management, village artisans can be better organised, equipped and trained, and a great



deal of processing of local products can be done in the villages by the villagers themselves. Secondly, with the provision of electricity and facilities for technical training, many processes, particularly in the manufacture of consumers' goods, can be decentralised ; and jointly managed villages can act as sub-producers working in liaison with organised industry. Thirdly, in all industries in which raw materials are locally and directly involved, or in which improvements or changes in the raw material will largely determine the quality of the final product, jointly managed villages have an important part to play (as explained in Chapter VI) as units of investment and control.

The second implication of the criterion which we have set out is that, over as large a field of industry as may be feasible, we should devise suitable forms of public management. In some industries this will necessarily mean State management, but in a number of industries we shall have to organise management as a public service, not under Government, but under semi-public corporations, in which villages, individual shareholders, workers and the State all find their place. The importance of seeking some kind of public management over a wide range of industrial activity lies in the fact that without it workers from villages and from backward sections of the community are not likely to have adequate opportunities of employment at the higher levels. Our proposals in Chapter VI in respect of location, investment, control and management of industry follow from the considerations set out above.

We have considered joint village management in relation to the problems of internal organisation and in relation to the problems of employment. But there is also a third major group of problems which

arise from the administrative planning involved in bringing the idea of joint management to full fruition in all its implications in every peasant village through a programme extending over fifteen or twenty years. These problems are discussed in Chapter VII. We have pleaded there, first and foremost, for a major decision on policy. Is it our fundamental and central purpose to achieve a system of cooperative farming suited to the conditions of India? If it is, we have to carry out experiments on a very large scale, perhaps in four to eight villages in every district, and in any new areas which may be available for men who are now serving in the defence services. The object of the experiments is to test our preliminary ideas, to work out practical solutions for our various problems, and to prepare the minds of peasants for the change from petty farming to the new system. In *zamindari* areas, the problems of 'superior' rights can be tackled (as proposed in Chapter II) in each village as an essential aspect of the introduction of joint management. The experiments will have to be followed in each province or State by enabling legislation, which may provide, for instance, that, if two-thirds of the owners of a peasant village holding three-fourths of the area agree upon joint management, the rest must fall in.

Enabling legislation implies that a considerable majority in a village must be convinced before the existing system is in any manner disturbed, and the question will at once arise whether anything that savours of voluntary choice can succeed. If we have a living faith in the quality and wisdom of our peasants we must have faith also in our capacity to bring about the transformation. We have no right to expect peasants to be persuaded before we have done our part. We

have first to prove to their satisfaction that a system of cooperative farming, accompanied by a growing share in the processes of industry, will give them better food, better clothes and an altogether better life than they can now possibly have. By the example it sets in villages selected for experiment, the State has to make it worth their while to surrender, not their essential rights in the soil but the right of each man to do what he pleases with his own bit of land.

Our first appeal will be to peasants, because they hold the land. Social control over the management of land has a strategic significance, for without it we cannot create an organisational framework for bringing about a better agriculture, for assuring equality and freedom to suppressed groups, for integrating the rural and the industrial economy and, finally, for creating new social values and incentives. The moment is opportune and may not return. Owing to the high prices which have prevailed during the war, a great deal of mortgaged land has been redeemed, and to-day peasants have a cleaner slate than perhaps at any time in the past fifty years. Secondly, we are at the threshold of large industrial developments and can make our choice, here and now, whether and how far the industrialisation of India is to be conceived and carried out in the interests of the masses. Finally, in many parts of the country, the men who will return from the fields of war can offer a leadership such as our villages have never before enjoyed. If this is to be their creative role, they should be prepared for it and educated in the new ideas while they are still serving in the defence forces.

## CHAPTER I

### ANALYSIS OF POVERTY

#### POVERTY : URBAN AND RURAL

MASS POVERTY has been recognised as an outstanding feature of the Indian scene for several decades, but attempts to combat it are of more recent date. Legislation in respect of cooperative credit, debt conciliation, land alienation and regulation of tenancy conditions has been prompted in most cases by local or special problems. Hitherto we have sought remedies which are at best partial, and we have hesitated to carry our analysis down to fundamentals. It is now widely realised that poverty—with its allies, ignorance and disease—will not yield to any but the most comprehensive and determined effort we can make.

By far the greater part of India's poverty is rural, but urban and rural poverty are intimately connected. The urban poor may be classified broadly into (1) industrial workers, (2) non-industrial workers, and (3) beggars and mendicants. The vast majority of urban workers come from villages and continue to have their roots there. The poorest among them come from the most helpless strata of the rural population. In times of difficulty or unemployment urban workers are often able to fall back on the traditional, if scanty, sources of income available in their villages. There can be no doubt that if this rural connection did not exist, the conditions of life of the urban poor would be worse than they are. Thus, we cannot hope to remove urban poverty unless we attack rural poverty at the same time. We must, therefore,

start with the villages, seek the principles of change in their economic life and then consider the problems of urban poverty against the background of a rapidly expanding industrial programme.

#### INDIAN RURAL SOCIETY

Rural poverty is not a social disease which large-scale public expenditure can cure nor, as we shall see, is it a problem which can be met through the indirect influences of industrial expansion. It is rooted deeply in the present structure and economic basis of our rural society. A brief analysis of the social and economic relationships which exist in rural society will reveal the nature of the problem. This approach will lead us to those fundamental principles of reorganisation which should be central to our conception of planned development.

Land tenures in India present a picture of bewildering complexity. To find a way out of the maze it is necessary to ask certain key questions. These are :

- (i) Who cultivates the land ?
- (ii) Who controls the use of the land ?
- (iii) Who owns the land ?
- (iv) Do any superior rights exist over and above the rights of the 'soil-holder' ?

Land may be cultivated by tenants-at-will or by peasant owners or by hereditary tenants. Tenants-at-will may hold land from peasant owners or from hereditary tenants or from large owners. Peasant owners and hereditary tenants have control over the use of land. They may choose to cultivate the land themselves or they may let it to tenants-at-will or sub-tenants. In the case of peasant owners this right follows from the fact of ownership. In the case of hereditary tenants

this right is an attribute of cultivating occupancy, and is subject to certain superior rights which may be held by one or more parties. Between peasant proprietors and the State there is no intermediary, but hereditary tenants do not have a direct link with the State. They pay rents to the 'superior' parties, who in turn pay land revenue to the State.

If we study land tenures from the point of view of actual relationships to the soil and to the State, we observe that there are three leading and two secondary types of social framework in our rural economy. Of the leading types, village communities in which land belongs to peasant proprietors are perhaps the most important. They are to be found in *raiyatwari* areas like Bombay, Madras and Berar, in the Punjab, and in parts of the United Provinces and the Central Provinces. Baden-Powell drew a sharp distinction between the *raiyatwari* or 'non-landlord' village and the 'joint' or 'landlord' village. In the former type, which prevails in Madras, Bombay and Central India, each field or holding is separately assessed and each landholder is responsible only for his own revenue. But the landholders of a village do not as a body possess collective rights, for instance, over the village waste or the village site, nor do they owe any collective responsibility, for instance, in paying land revenue to Government. In the second type, which is found mainly in the United Provinces and the Punjab, landholders are a joint body for certain purposes, for instance, in their responsibility for paying land revenue, in their ownership of the village site and in their rights over the village waste.\* The distinction

\*Baden-Powell: *Land Systems of British India* (1892), Vol. I, pp. 106-131, 149-155.

Baden-Powell: *The Indian Village Community* (1896), Chapter I:

is of material importance for land revenue administration, but its practical economic significance is very small. The analysis of poverty, which we shall offer later, applies equally to the 'landlord' and the 'non-landlord' village.

The second leading type of social framework which we have to consider is represented by village communities in which control over the use of land belongs to hereditary tenants, whose tenures are subject to superior rights such as those of *zamindars*. Such village communities exist, for instance, in Bengal, Bihar and parts of the United Provinces, the Central Provinces, Orissa and Madras. Superior rights are held by *zamindars*, as in Bengal and Bihar, by *talukdars*, as in the United Provinces, and by *malguzars*, as in the Central Provinces. Historically, in each area they may be traced to incidents of British rule. Everywhere attempts have been made through a series of Tenancy Acts to correct past errors and to protect the tenantry. Consequently, within the same province and the same system of tenures, we meet with an extraordinary range of variations in rights. The fact that proprietary and occupancy rights have been subject both to alienation and to litigation makes this diversity a baffling phenomenon for the student of land problems.

Hereditary tenants who hold occupancy rights in land were never a homogeneous group. Some of them were the original owners of the soil, while some were only tenants-at-will when the permanent settlement was made, or at the time of the first temporary settlements. But between the two extremes there were groups of permanent tenants with varying rights. The bulk of those who are now in possession of superior rights are small men and, often enough, the same man may fill more than one part. He may hold a *zamindari*, a title to rent, in respect

of one area, a heritable tenancy in respect of another, and perhaps a tenancy-at-will in yet another. There are of course in each province some very big *zamindars*, but both under them and under the smaller *zamindars* there is a good deal of sub-infeudation. The creation of a large number of intermediate interests between the *zamindar* and the cultivator has, in the words of the Flood Commission, "resulted in dissipating the responsibility for the best use of the land in the national interest among a host of rent-receivers, all of whom have to be supported by the labour of the cultivator, and none of whom have either the incentive or the power to exercise any control over the use of the land".\*

From the aspect of land management, in village communities in *zamindari* areas, the most important consideration is that under the pressure of tenancy legislation the position of permanent tenants approximates (despite variations from one province to another) to that of peasant proprietors in the first type. *Raiyats* are the 'soil-holders', and in order to increase the productive capacity of the economy, it is upon them that we need to concentrate. Superior rights are in the nature of a superimposition on the basic economy and have to be dealt with in a separate category. †

\*Report of the Land Revenue Commission, Bengal (1940), Vol. I, p. 37.

†In China there is a similar distinction between superior rights and rights of cultivating occupancy. Cf. Hsiao T'ung Fei: *Peasant Life in China* (1943), pp. 177-78. "According to the native theory of land tenure, land is divided into two layers: namely, the surface and the sub-soil. The possessor of the sub-soil is the title-holder of the land. His name will be registered with the government because he pays the taxes on the land. But he may possess only the subsoil without the surface, that is, he has no right to use the land directly for cultivation. Such a person is called an absentee landlord. The person possessing both the surface and the subsoil is termed the full owner. The one possessing only the surface without the subsoil is



The third leading type in our rural society is found in areas under the direct control of substantial landlords, who hold or manage their lands without impediment from intermediate tenure holders. Sometimes they cultivate through hired labour, but it is more common for them to let the land to tenants-at-will. This third type is met with in every part of India, but the bulk of the land comes under the first two types. These have the same essential peasant structure and all the problems of the first type are common to the second. In the second type, however, the existence of superior rights leads to several difficult problems, which have to be solved before much progress can be made. In areas held by landlords, short of nationalisation, the issue is twofold: (1) whether land is utilised effectively in accordance with public interest, and (2) whether tenants and workers get a fair deal.

The distinction between peasant society, as represented by village communities in *zamindari* and *non-zamindari* areas, and non-peasant society, which comprises areas held by substantial landlords, is fundamental. As we shall see, they are governed by different principles of reorganisation. In peasant villages, apart from the complication which arises from superior rights in *zamindari* areas, we have to create a new type of society in the very process of tackling the problem of poverty. In non-peasant society the problem is mainly economic, and the change in social relationships is of a subordinate character.

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termed tenant.....The owners of the surface, whether full owners or tenants, can cultivate the land themselves; this distinguishes them from absentee landlords. They also can lease the land to others, or employ labourers to work for them." In the Middle East also, the distinction between 'rights of the surface' and 'rights of the sub-soil' is found in different forms. Thus, in Iraq, the *hagg Tapu* is a right of occupancy under the State; the *Uqr* is a title (enjoyed by certain groups of owners) to a fraction of the produce, but it does not imply any interest in the use or management of land.

The two secondary types of social framework are :

- (i) "Backward" communities, such as Gonds, Santals, and Nagas ;
- (ii) Plantations (tea, coffee, and rubber).

"Backward" communities, whose total population was reckoned in 1931 at 24.6 millions, are a type apart and, besides the problems of poverty, they also raise important cultural and administrative problems. In many ways plantations, which employ well over a million workers, resemble areas held by substantial landlords, but the combination of agriculture and industry which distinguishes them also marks them out for a different treatment in terms of public policy. Our concern in this study is, however, with the three leading types and not with these secondary types. It can scarcely be that in a country of India's size, in which each territory has passed through its own historic experience, it should be possible to classify rural society rigidly into five types. Many variations may be observed, for instance, in the Rajputana States or in Central India. It may be said, however, that the five types which have been set out above contain the major significant relationships in our rural economic life.

#### COMPOSITION OF A PEASANT VILLAGE

A village community in which land is held directly by peasant owners or by hereditary tenants divides broadly into six functional groups :

- (i) Owners of land and those who have a heritable occupancy interest in it ;
- (ii) Tenants-at-will ;
- (iii) Village servants and labourers ;

- (iv) Village artisans ;
- (v) Moneylenders and shopkeepers ;
- (vi) Those who depend on charity or religion.

This classification applies equally to *raiayatwari* villages, to Baden-Powell's 'joint' villages and to villages in *zamindari* areas. The groups mentioned above are common to village communities in every part of the country. Although there is still a persistent connection between caste or tribe and occupation, the groups are not altogether rigid or mutually exclusive. An individual may combine ownership in land with the role of a tenant, a moneylender or a priest. A tenant may also be a field-labourer or an artisan. In a peasant community, the various groups have a common interest in as much as, in larger or smaller degree, the wealth produced by the land of the village will determine the poverty or prosperity of all. The significance of this classification lies in the fact that different combinations of factors and forces are at work in the case of each group. For each group poverty connotes a different standard of living. To each it suggests a different set of causes.

The importance of this conclusion can be observed most clearly when there is a famine. For a society so largely dependent on agriculture as ours, a famine is in the nature of a social and economic crisis. At the outbreak of famine, for almost every group in the village, the stream of new income ceases to flow. Each group, each family is thrown back on its assets such as ornaments and valuables, cattle, household effects, credit, skill and capacity to migrate, and on such aid as the State may provide. Caste, tradition, and economic necessity have brought about a vast amount of interdependence in village life, for land-owners, artisans, and village servants are indispensable to one another. The condition of this

interdependence is that each class of worker—farmer, artisan, and labourer—must continue to obtain some sort of livelihood in the village. A famine renders this condition impossible and so puts to a severe test the fabric of village society as also the resources of each group within it.

Since not all groups in the village are necessarily poor, and certainly they are not equally poor, the problems of each group call for examination separately as well as in relation to those of other groups. Our plans of reorganisation should be based, therefore, on an understanding of the basic issues affecting each section of the community separately, as well as society as a whole. This does not mean that we have to plan for social or functional groups in water-tight compartments, but rather that we should provide, consciously and in adequate degree, for the particular social and economic factors which now contribute to the poverty or prosperity of different sections in the population. As Professor Mannheim has remarked, facts and structure are continuously related to each other and facts can only become more than data if their function in the whole mechanism is adequately realised, for it is the total structure of society alone which reveals the real function and meaning of the parts.\*

#### BASIC CHARACTERISTICS OF RURAL SOCIETY

Peasant villages in India constitute a system of society with distinctive social values and economic

\* "We must always begin by assembling the pieces, taking account of all their different aspects, so that they can be seen as phases of the underlying social processes. If the facts are to be studied scientifically they must be grasped in all their sociological bearings." Karl Mannheim: *Man and Society in an Age of Reconstruction* (1940), p.26.

characteristics. There are four features in their structure which bear particularly on the problem of peasant poverty. They are :

- (i) Peasant society is based on simple technique. Except for minor changes, the technique of agriculture is still at about the same level as it stood in Europe before the Industrial Revolution. Since Voelcker's penetrating study of Indian agriculture (1897), much valuable work has been done to further the application of science to the problems of agriculture. But science has not yet reached the average cultivator over the greater part of the country, and has scarcely affected the techniques of cultivation. In part at least this is due to the fact that, *within the limits of his present environment*, the cultivator has little to learn.
- (ii) Peasant society is based on individualistic petty farming.
- (iii) Two ideas, which are closely linked together, have been fundamental to the existence of peasant society :
  - (a) exercise of the right of free ownership, or, as in *zamindari* areas, of hereditary tenancy ;
  - (b) principle of equal inheritance between sons.
- (iv) For centuries the peasant village remained a more or less self-contained unit in which economic development was in a state of arrest.

To these four facts, read against the background of a rapidly expanding and almost wholly illiterate population,

we can trace the principal difficulties of our rural economy.\* Increase in population, unaccompanied by a corresponding growth in industries and other non-agricultural forms of work and service, is directly responsible for the dependence of excessive numbers on agriculture and ancillary services. The principle of equal inheritance leads to sub-division of land, so that in most provinces, and more especially in Bengal, Bihar, Orissa, and the United Provinces, the majority of holdings are now uneconomic even for the plough-and-bullock technique. To give effect to the principle of sub-division we have a continuous process of fragmentation of individual holdings.

As farming becomes petty and uneconomic, the cultivator is increasingly forced into a hand-to-mouth existence. This explains why most cultivators have no margin for investment and suffer either from lack of credit or from indebtedness or, when the condition becomes chronic, from both. Soil deterioration, poor quality of animals, overstocking, waste and inefficient use of resources are implicit in such a situation. It follows too that the peasantry can be exploited easily by those who possess more social or economic power. In different

\*The manner in which our total population has grown and an almost corresponding burden thrown upon land may be seen from the following table :

Year	India Total population	Percentage of rural to total population	British India Total population	Percentage of rural to total population
1891 ..	279,446,248	90.6	212,970,616	91.1
1901 ..	283,872,359	90.0	220,604,938	90.8
1911 ..	303,012,598	90.6	231,603,872	90.9
1921 ..	305,693,063	89.8	233,560,944	89.9
1931 ..	338,119,154	88.9	256,757,818	89.1
1941 ..	388,997,955	87.2	295,808,722	87.3
Net variation				
1891-1941	109,551,707	-3.4	82,838,106	-3.8

ways, the moneylender and the middleman, the landlord and the petty official, the priest and the lawyer are able to exert pressure upon the peasant.

In varying degrees, all over the country, these features characterise the economic life of peasant owners and *raiyats*.\* In seeking their betterment, therefore, the most important point to emphasise is that, so long as units of cultivation and management continue to remain small and uneconomic, agriculture can neither be progressive nor profitable. Peasant society offered tolerably efficient solutions for the main problems of food and clothing so long as the environment was static. In the past sixty or seventy years it has been exposed to three principal influences. In the first place, at the very best, resources have barely kept pace with the increase in population. Secondly, peasant society has suffered severely from two disruptive influences—alienation and litigation. When land passes from peasants to non-agriculturist moneylenders or to large owners, small owners tend to be reduced to tenants and labourers. Litigation among peasants themselves, and between peasants and moneylenders, has been a serious disorganising factor in rural social and economic life. In the

\*The main facts of our rural economic life are well-known and it is unnecessary to recount them. The general reader's attention may be invited to works such as Nanavati and Anjaria: *The Indian Rural Problem* (1944); Radhakamal Mukerjee: *Food Planning for Four Hundred Millions* (1938); Gyan Chand: *India's Teeming Millions* (1939); Wadia and Merchant: *Our Economic Problem* (1943); Tiwari: *Indian Agriculture* (1943); *The Report of the Land Revenue Commission, Bengal* (1940); Sudhir Sen: *Land and its Problems* (1943); Thomas and Ramkrishna: *Some South Indian Villages: A Resurvey* (1940); Darling: *Punjab Peasant in Prosperity and Debt* (1932); and Calvert: *Wealth and Welfare of the Punjab* (1936). A number of village surveys are also available, but we do not yet have a detailed picture of the social economy of villages, coordinated in terms of regional environments, except to some extent for the Punjab and for parts of Madras, Bombay and the United Provinces.

third place, although subsistence farming is of great importance in our rural economy, the peasant's prosperity depends to no small extent on the level of agricultural prices. In normal times he has to face competition from other countries without possessing the organisation, the knowledge, and the technique for meeting it on equal terms. The cumulative result of all these factors is to make the old order untenable under the new conditions in which it has to operate.

The four characteristics which we have observed in peasant villages are also found in areas held by substantial landlords. They, too, ordinarily parcel out their land to tenants-at-will. They possess large areas which could provide efficient units of production. When they divide their land among tenants-at-will, as a rule each worker gets a fair-sized peasant holding. Tenant farming is not in principle as efficient a system as direct management accompanied by adequate capital investment on the part of the landlord, but may easily be more efficient than the petty holdings which peasant owners are often obliged to cultivate. In practice, however, tenants-at-will do not receive an adequate share of the produce and landlords do not contribute to the improvement of the land. The result is that areas under landlords are operated on the whole with much less care than peasant holdings. Thus, the economic inefficiency of landlords is not inherent in the system under which they work, but arises primarily from mismanagement or lack of management. It is this fact which marks out areas under landlords from peasant villages and makes it necessary for us to work out different principles of reorganisation in the two cases.



## TENANTS-AT-WILL

We have seen how the poverty of peasant owners and *raiya*ts may be traced directly to the economic foundations of peasant society in India. We may now examine briefly the principal factors which determine the economic standards of groups other than peasant owners and *raiya*ts. As cultivators, tenants-at-will are subject to all the handicaps and risks of peasant farmers.\* From the aspect of production, agricultural efficiency cannot be reconciled with petty tenant farming. It is well-known that tenants, who have no land of their own, work well only under close supervision, and those who also hold some land in their own right neglect and misuse rented land. From the aspect of distribution, it is a fact that tenants-at-will or sub-tenants have to part with too large a share of the produce, so that the margin which remains gives them the barest maintenance. As we have already pointed out, rent-receiving landlords seldom invest in the improvement of the land. Thus, on the one hand land is exploited and on the other the worker is poorly rewarded.

\*The census of 1931 returned 16,023,260 cultivating owners (male) in British India, excluding Aden, Burma, and the Andamans, compared to 20,499,834 cultivating tenants. The latter figure requires correction in the United Provinces, Bihar, and Orissa. In those provinces the number of tenant cultivators (male) was 14,563,467. But *raiya*ts or hereditary tenants who were shown in Bengal as cultivating owners (which to a large extent they are) were included among tenants, a term which is more correctly used to describe tenants-at-will or sub-tenants. The figures for cultivators and rent-receivers, as recorded at the census of 1931, were as follows:

	India †	British India †
Cultivators (male) .. ..	47,825,141	36,523,094
Rent-receivers (male and female) ..	3,187,033	2,329,951

†Excluding Aden, Burma, and the Andamans.

On account of the pressure of population, in most regions there is no dearth of tenants-at-will. The probability is that in the present circumstances attempts to restrict rents by means of legislation may easily fail. Tenants-at-will working for landlords are weak and their economic conditions do not permit of collective or organised action. The protection which they need is both economic and social. In areas in which big landlords hold a dominating place in economic life, or where *zamindars* get their lands cultivated by *raiyats*, there is much abuse of social power, and the status of tenants-at-will is often no better than that of serfs without essential human rights.

Questions of social status do not arise in peasant villages, where owners or *raiyats* are very often tenants-at-will to one another for different pieces of land. But the customary level of rents which prevails among them is never lower than the level of rents charged by the bigger landlords. In this fact lies the chief defence of the present high level of rents. As we shall see later, if peasant villages are reorganised in a manner which eliminates the tenant-landlord relationship, the problem of rents in areas under big landlords will stand by itself and may then be dealt with successfully by legislation.

#### VILLAGE SERVANTS AND LABOURERS

The group of village servants and labourers in rural society contains the bulk of our depressed classes. In 1931, in British India, about 12½ million men and 8 million women returned agricultural labour as their principal occupation. The increase in population has certainly outstripped the increase in resources to a far greater extent in their case than in that of the other groups. In the

self-contained village, servants and labourers had a place of their own, with clearly defined and accepted rights, obligations and limitations. Throughout the country, in different degrees, economic subservience to the cultivating classes is their universal badge. It remains for them the necessary condition of existence and continued livelihood in the village.

This economic subservience takes many forms. At its lowest level it amounts to the kind of bondage to which the Dublas of Gujarat have been subjected for a long time. Wherever the Hindu conception of life colours the outlook of the people, economic subservience is also accompanied by social subordination, which is carried in some parts to the point of extreme human degradation. In each province the degree of social subservience varies with different groups among servants and labourers. This combination of social and economic subordination occurs not merely in Hindu or Sikh villages, but also in Muslim villages in predominantly non-Muslim areas. There is relatively little social inferiority wherever the more purely Islamic conception of life holds sway.

There are three main reasons why for so many centuries the dominant castes in rural society have been able to enforce subservience as a fundamental social principle :

- (i) Until recently, scheduled castes, who are almost all landless workers, had scarcely any outlet or opportunity for employment outside rural society.
- (ii) According to current standards, sufficient means of livelihood and employment were available in rural society itself.
- (iii) Scheduled castes themselves accepted certain religious values and satisfactions (caste dis-

tinctions among themselves as well as in respect of superior castes, theory of Karma, etc.). This provided the idealistic basis for the most rigorous system of social stratification ever conceived by the human mind.

Clearly, in any progressive society, there can be no room for the kind of social segregation which the caste system represents. It is essential to the proper development of society that accidents of birth should not affect fundamental human rights or mar opportunity in life. The factors which have so far sustained the inequity of the caste system are now fortunately breaking down. With increasing population, the inadequacy of the rural economy is rapidly becoming obvious. New opportunities in services, in the army and in industries are now emerging, but the total employment which they offer is still relatively small. Political factors and education have brought about a discontent, a spirit of challenge and a fervent desire to attain human equality and better economy conditions. If we are to redeem the scheduled castes from the poverty and the social injustice which now afflict them, we should, among other things, deliberately stimulate and organise each of the processes which are already in operation. Freedom of the scheduled castes will also mean the release of rural society as a whole from its most conservative and regressive influences. We have to create the conditions in which the principle of equal opportunity for all in *every* field can become effective, to develop new forms of work and services, to evolve new social values and incentives, and to secure the widest possible education of the masses.

It is perhaps fortunate that in most areas members of scheduled castes, though not owners of land to any great extent, are nevertheless free workers. They are not

bound to the soil and are therefore free to migrate. They will constitute the bulk of our industrial labour and it is upon them that we need to incur a considerable part of our expenditure on education, health and social security. Any rationalisation of agriculture will affect the number of cultivators as well as farm labourers for whom agricultural employment is available. Like the cultivating classes, scheduled castes will also face a problem of displacement. The creation of new and expanding avenues for industrial employment is, therefore, a matter of vital interest from their point of view. It is no less vital that in the industrial field, in which they are likely to play a most important part, they should have, equally with others, and from the very start, the fullest possible opportunity of rising in terms of function and status. As we shall see, such equality within the rural economy can come only at the end of a period of change.

#### VILLAGE ARTISANS

Village artisans, who included in 1931 about seven million workers in the whole of India, constitute a relatively simple problem. They may be divided into two categories. There are some among them, like the carpenter and the blacksmith, who continue to be indispensable to the village economy and are paid for by means of regular harvest dues. There are others, like the shoe-maker, the potter and oil-presser, who are exposed to the influence of production and prices outside the village. Wherever economic change is at all considerable, these artisans are being paid increasingly according to the jobs which they execute rather than according to the scale of harvest dues which custom formerly prescribed. Artisans in the second group have

gone to swell the ranks of seasonal labourers and rarely have full-time work in their own occupations.

In general, village artisans are a valuable reservoir of hereditary craftsmanship. Our task is to adapt, organise and train the younger workers among them to meet (1) the growing needs of the rural economy, and (2) the demand for skilled and specialised workers in industry. With the growth of industrialism, the link between caste and craft, which has hitherto been a persistent feature, will certainly become weaker and may largely disappear.

#### MONEY-LENDERS AND SHOPKEEPERS

Money-lenders and shopkeepers have come to possess a special importance in the rural economy since the introduction of British civil law and procedure in India. On the basis of the census of 1931, their total number may be set at about  $2\frac{1}{2}$  to 3 millions. In the old village economy it was natural for shopkeepers who sold articles of daily use to villagers to become a source of credit. They lent money and charged rates of interest prescribed by custom. There was, however, no question of attaching land, houses or cattle for failure to discharge a loan. Debtor and creditor were bound by a sense of obligation, and the deference of the money-lender to the village community as well as his sense of dependence upon it were never in doubt. In the last thirty or forty years of the nineteenth century, and in most provinces until quite recently, small owners lost a great deal of land to money-lenders who, besides exploiting the law, became unrestrained in their dealings with peasant debtors. This has naturally led to restrictive legislation against money-lenders.

As a result of this legislation, in the Punjab, the power of the non-agriculturist money-lender has been very nearly broken, but a new class of farmer-money-lenders has arisen, whom legislation does not yet affect. In other provinces, the money-lender is still strongly entrenched. As a credit institution, professional money-lenders, whether agriculturist or non-agriculturist, belong to a static society based on small-scale farming. They have no place in the economic life of a community in which agriculture is based on progressive technique and on larger units of cultivation and management.

The significance of money-lenders and shopkeepers is not limited to rural life. They were quick to take advantage of the commercial opportunities which arose from India's trade with Europe. They, along with the commercial classes already settled in towns, had the means and the aptitude to enter the field of commerce and industry. The consequence is that a very large proportion of what is described as Indian enterprise in business and industry is in the hands of persons whose social and economic roots are to be found among village money-lenders and shopkeepers. In planning fresh industrial development, it will be in the interest of the community to ensure that the vast opportunities of investment, employment and control, which will now arise, are thrown open to all sections of the population.

#### THOSE WHO DEPEND ON RELIGION OR CHARITY

Those who depend on religion or charity number  $2\frac{1}{2}$  to 3 millions, of whom about  $1\frac{1}{2}$  millions live in rural areas. They have always been an accepted feature of both the Hindu and the Muslim social structure and system of values. We do not need to plan for or against

them in any frontal manner, and can in the main leave economic incentives to work themselves out. Those who merely depend on charity, accounting perhaps for half the total number in this group, have to be subjected to vigorous social and educational influences, and to be turned deliberately into useful vocations. The process has begun on its own during the present war, but it needs to be stimulated in a planned and organised manner. Frequently when young men are able to earn a living the elders are ashamed to beg.

#### SOME LEADING CONSIDERATIONS

The brief review which has been given here suggests that we have to plan and reorganise rural society simultaneously in terms of a number of major objectives. Peasant economy has to be reorganised so that it becomes efficient. In so far as superior rights bar the way to village reorganisation in *zamindari* areas, a solution must be found. If the existence of substantial landlords, who hold land directly, is to be socially defensible, tenants-at-will must be protected. The depressed classes must get both social and economic freedom and equality with others. Village artisans have to be brought into relationship with the industrial economy. Money-lenders must give place to more efficient credit institutions. The values which permit idleness or begging to be regular occupations must be changed. If large economic changes are desired, it is necessary to set about reorganising our rural society on the basis of a number of liberating social and economic ideas. These are the problems of our more 'advanced' rural economy. In addition to them we have to think of our 'backward' tribes and also of tribes which are classed as 'wandering



and criminal'. There are a number of dark spots in our countryside, and unless we have the whole picture of poverty before us, and can see the inter-connection between various social and economic forces, we will not be able to plan consciously in a manner which will set new forces into motion, and so by simultaneous action transform the life of every section of the community.

We have seen that in terms of causal factors there are two broad groups of rural workers, namely, cultivators and non-cultivators. Cultivators divide into two classes, those who own some land and those who do not. In respect of their own land they are under one set of influences; in respect of rented land, they face another set of factors. Non-cultivators may be divided into three classes: field labourers, village servants and village artisans. Here again, one man frequently combines more than one role. Field labour is seasonal in character and there is room only for a limited number of permanent hired labourers. Just as peasants are driven to take additional land on rent, so are village servants and artisans compelled to work as field labourers. Perhaps the most significant fact in our present rural economy is that few men have full-time occupations which could afford even a simple living within the village.

In addition to workers described above, we must also reckon non-workers and potential workers. These include (1) rent receivers without any *separate* occupation of their own, and (2) those who depend on charity of one kind or other. In an efficient economy, all workers would be engaged in full-time occupations and there would be no 'idlers' among men who are able to work. Our existing rural organisation is often justified because it seems somehow to maintain a very large proportion of the population. It does so, however, by keeping

large numbers of men under-employed and by allowing a considerable number of potential workers to live idle lives. In other words, it conceals and blurs the truth, and performs the trick attributed to it by its very *failure* to utilise human and economic resources with a view to efficiency.

The first and foremost issue in rural planning is, therefore, the replacement of individualistic petty farming by a more efficient system of rural organisation. The manner in which this change can be brought about in view of the structure of our rural society and our peculiar difficulties will be considered in the following chapters. Here it is necessary to note that reorganisation of the system of cultivation will be closely followed by increasing reorganisation in respect of other forms of rural employment. Over the whole field, therefore, a surplus of workers will emerge, and it will be incumbent upon us, particularly in provinces in which land is carrying far too great a load, to create *at the same time* new forms of work and services so as to provide ready employment for all who will lose their place in the rural economy. The two processes—rural reorganisation and the creation of non-agricultural employment within as well as outside the village—have to be carried out simultaneously. They are complementary in time and purpose, and may be compared to the two wheels of a single carriage. Agricultural reorganisation on a large scale, unaccompanied by adequate expansion in industry, commerce, transport and other services is an unworkable policy. Industrial expansion without agricultural reorganisation will leave the bulk of the people in a state of poverty. Unless the internal market develops, industries too cannot make much progress. After the preliminary experimental stage, the entire process of

rural reorganisation may be scheduled in each province, according to its conditions, for a period of ten, fifteen or twenty years. During this period we must be able to meet, as it arises, all initial displacement due to the rationalisation of agriculture, and also to provide for a continuous and increasing flow of workers from village to town. In other words, we can plan against mass poverty only if we set out to create the conditions of a rapidly expanding and efficient economy both in agriculture and in industry.

Thus, a consideration of the problems of rural reorganisation brings us face to face with the problems of industrial planning. Plans of economic development which do not take the village as the foundation cannot be adequate. Plans which seek to abolish the village as the principal unit of social and economic life in India miss the mark altogether. As we have pointed out, rural reorganisation is only part of a complete solution. We have also to integrate our rural and industrial economies and to make the village a major base in our industrial system. It follows, therefore, that correct decisions about forms of industrial organisation, relations between State and private enterprise, the role of labour, and policies relating to location, investment and management are as fundamental to the removal of mass poverty as changes in the structure of the rural economy itself. If we are to eliminate poverty, we must knit together our rural and industrial plans through a synthesis of basic ideas and policies.

## CHAPTER II

### REORGANISATION OF THE RURAL ECONOMY

#### THE CENTRAL PROBLEM

ONE OF the most striking features of agriculture in India, as in Burma, China and the Middle East, is the low productivity of individual workers. This is reflected in their output of work, in the yields of their crops and in their incomes. The majority among them live on the barest margin of subsistence and are easy victims to famine and disease. The food shortage, which caused so much distress and nearly disorganised the Indian economy at a critical stage in the war, is a sharp reminder that, so long as we do not organise the use of our resources, we cannot produce enough to maintain our population even on the inadequate nutritional standards which now prevail. The fifteen-year plan prepared by Indian industrialists envisages an increase of 130 per cent in agricultural productivity. But the statistical basis of this figure and others like it is at present doubtful. In attempting to implement such proposals we shall soon realise that in our existing rural organisation, however much we may spend, and whatever our administrative or supervisory staff, we have no adequate *social instrument* for carrying out our schemes or for measuring progress.

The village organisation, as we find it to-day, does not have the capacity to fit either administrative benefits or technical changes into its framework. Large-scale public expenditure can do some small good, but under our present conditions it is bound to involve much

rural reorganisation may be scheduled in each province, according to its conditions, for a period of ten, fifteen or twenty years. During this period we must be able to meet, as it arises, all initial displacement due to the rationalisation of agriculture, and also to provide for a continuous and increasing flow of workers from village to town. In other words, we can plan against mass poverty only if we set out to create the conditions of a rapidly expanding and efficient economy both in agriculture and in industry.

Thus, a consideration of the problems of rural reorganisation brings us face to face with the problems of industrial planning. Plans of economic development which do not take the village as the foundation cannot be adequate. Plans which seek to abolish the village as the principal unit of social and economic life in India miss the mark altogether. As we have pointed out, rural reorganisation is only part of a complete solution. We have also to integrate our rural and industrial economies and to make the village a major base in our industrial system. It follows, therefore, that correct decisions about forms of industrial organisation, relations between State and private enterprise, the role of labour, and policies relating to location, investment and management are as fundamental to the removal of mass poverty as changes in the structure of the rural economy itself. If we are to eliminate poverty, we must knit together our rural and industrial plans through a synthesis of basic ideas and policies.

## CHAPTER II

### REORGANISATION OF THE RURAL ECONOMY

#### THE CENTRAL PROBLEM

ONE OF the most striking features of agriculture in India, as in Burma, China and the Middle East, is the low productivity of individual workers. This is reflected in their output of work, in the yields of their crops and in their incomes. The majority among them live on the barest margin of subsistence and are easy victims to famine and disease. The food shortage, which caused so much distress and nearly disorganised the Indian economy at a critical stage in the war, is a sharp reminder that, so long as we do not organise the use of our resources, we cannot produce enough to maintain our population even on the inadequate nutritional standards which now prevail. The fifteen-year plan prepared by Indian industrialists envisages an increase of 130 per cent in agricultural productivity. But the statistical basis of this figure and others like it is at present doubtful. In attempting to implement such proposals we shall soon realise that in our existing rural organisation, however much we may spend, and whatever our administrative or supervisory staff, we have no adequate *social instrument* for carrying out our schemes or for measuring progress.

The village organisation, as we find it to-day, does not have the capacity to fit either administrative benefits or technical changes into its framework. Large-scale public expenditure can do some small good, but under our present conditions it is bound to involve much

waste and frustration. In the nature of things, in the existing rural system, loans and grants to farmers, and indeed assistance and concessions of every kind, are likely to be based far more on individual selection and patronage than on policy or principle. Public expenditure on a large scale is implicit in any programme of development, but its direction and magnitude, as well as its value, must depend largely on the character of the social and economic environment in which it is incurred. Investment in agricultural schemes will bear fruit to the extent that the social setting is appropriate to economic progress.

Another feature of the economic life of countries like India and China is that far too many persons derive their livelihood from agriculture and there is very little diversity among occupations. Industrialisation is the obvious remedy for excessive pressure on the soil, but those who put the main emphasis on it do not always appreciate the true relationship between industrialisation and its effects on the structure of the rural economy. This point may be illustrated by an example from army recruitment. There are certain districts in the Punjab and in Bombay which were heavy recruiting areas even before the war. Several thousands from each of these districts find steady employment and, in so far as men are drawn away from land, agriculture carries a smaller burden. But this fact does not in any way make agriculture in those provinces more efficient or provide more economic units to cultivators. In the same way, industrialisation will reduce the pressure of population in rural areas, but its ability to make agriculture a more productive or a more profitable industry than it is at present is strictly limited.

Our task, therefore, is not so much to draw people

away from the land, as if that were an end in itself, but to draw them away *and* at the same time to create the essential conditions of an efficient and profitable agricultural economy. The essence of efficient farming consists in combining four separate factors in each farm, namely, (1) an area sufficient for effective operation, (2) organisation, (3) capital, and (4) technique at a level which, in given conditions, yields the greatest economies. The first requisite is sufficiency of area; the other factors, of which we shall have more to say later, cannot operate without it. The fundamental change which we have to achieve, therefore, is a large increase in the size of the unit of management and, in so far as technical conditions permit, of cultivation. Big landlords have areas large enough for efficient management and, as we shall see, means can be devised for inducing them to give up their present practice of letting out small bits of land to tenant farmers. The problem is much more difficult in the case of peasant owners and *raiyats*. It is certain that as population grows an increasing proportion of holdings will become uneconomic. Unless something can be done to reverse this tendency, cultivators and those who work for them in one capacity or another will continue to sink into deeper poverty. This is a prospect which public expenditure, even on a scale far beyond the means of our present economy, may postpone but cannot avert.

#### PEASANT PROPRIETORSHIP

The tendencies which are now in operation are likely to lead, sooner or later, to a breakdown of the rural economy and of the social order upon which it is founded. This is realised, though not perhaps as fully realised as the gravity of the situation requires. Various possibi-



lities have at one time or another been discussed. There is a large school of thought in this country which pins its faith to peasant proprietorship. If peasant proprietorship or widely dispersed and equitable ownership in land could meet our problem, there would be little need to look to other remedies. But in face of the present man-land ratio in India and the incontestable fact of uneconomic holdings, there is no real foundation for such a faith. Writers who belong to this school of thought have tried to meet the inherent difficulties of the present position by two proposals for making peasant holdings more economic than they are, namely, consolidation of holdings and introduction of the rule of primogeniture.

The success of consolidation operations in several districts in the Punjab—the main example upon which we can draw—indeed appears impressive. It should, however, be seen in its proper perspective. It is perhaps not sufficiently known that consolidation operations take well over a year in a village of average size and are necessarily a slow process. In the districts of Jullundur, Ludhiana and Hoshiarpur, where notable results have been achieved, and the policy of consolidation has been followed with much vigour, for ten, fifteen or twenty years, the greater part of the area nevertheless remains to be consolidated. Secondly, the main advantages of consolidation are reaped when consolidated holdings enable peasant owners to sink wells, that is, to invest appreciable quantities of capital within their means and thereby to secure a substantial increase in the productivity of land. In unirrigated and canal-irrigated areas, where consolidation of holdings does not directly induce capital investment, the movement for consolidation has made very little progress. In the third place, consolidation is a temporary remedy—once in every generation—for frag-

mentation of holdings. Holdings come to be fragmented because the principle of equal inheritance leads to subdivision, which in turn has been the active cause of uneconomic holdings. Thus, consolidation is not a remedy for the most important weakness of our agricultural economy.

This has led some writers to suggest that further decline in the size of peasant holdings should be arrested by adopting the rule of primogeniture. But it may be recalled that the principle of equal inheritance, which is part of the social foundations of our rural economy, is by no means confined to India. It has been followed in almost every predominantly agricultural community in Europe as well as Asia. In the absence of other avenues to equal or better employment, it has always been an expression of society's sense of justice and fair distribution of the available opportunities. The principle of primogeniture is certainly not acceptable to peasant owners and *raiyyats* anywhere in India, and no one need cherish the delusion that it can be enforced against their wishes. Our solution cannot lie, therefore, in the direction of primogeniture or any 'preferred heir' principle which may be designed to avoid the obvious evils of subdivision.

Thus, neither consolidation of holdings nor the possibility of primogeniture can strengthen the case for peasant proprietorship. In several countries in Eastern Europe, after the last war, agrarian reform took the shape of break-up of large estates. It has been suggested that after a similar break-up in India peasant holdings would become more economic than at present. The inequality in the distribution of land in Eastern Europe appears to have been much greater than that found in India. Unlike the estates of Europe, large estates in India are as a

rule cultivated by tenants, and not by hired labourers. Tenants-at-will are peasant farmers in every sense of the term and will have to be provided for in the event of redistribution of land. Without discriminating against their interest and in favour of peasant proprietors, whose holdings are becoming increasingly uneconomic, the *break-up* of large estates, should it at all be a practical proposition, is no remedy for our real problem.

If peasant proprietorship is not the way out for us, the question arises whether we have any use for the capitalistic method, which achieves scale and success by beating the weak and the inefficient out of existence. This line of action is favoured by two classes of investors. In the first place we have those landlords, middle-class agriculturists and men with incomes from service or professions who purchase land outright or advance money to small owners and buy up their holdings through a gradual process of attrition. Secondly, we have businessmen who want to make profits in agriculture, either by itself or in association with some industrial enterprise. In either case the process involves the conversion of peasant owners into labourers or tenants. Clearly, the capitalistic tendency, if allowed to work itself out unchecked, implies social disaster of the first magnitude. And yet, as petty agriculture becomes more and more unprofitable, despite all its tenacity, in competition with capitalists the small peasant must yield ground. His decline will take place perhaps slowly, but there can be little doubt as to the concluding phase, if conditions develop in which capitalistic agriculture can press its competitive advantages to the limit.

There are certain sections of the intelligentsia who grasp the need for change and at the same time realise that except in special circumstances, such as those of

France or Denmark, in our present-day world economy, peasant farming implies slow economic development and, in countries like India, even the continuance of mass poverty. Their panacea is nationalisation of land. We may distinguish here between (1) nationalisation of superior rights held by *zamindars*, (2) nationalisation of rights held by peasant owners and *raiyats*, and (3) nationalisation of land held directly by big landlords.

### NATIONALISATION OF SUPERIOR RIGHTS

In *zamindari* areas the State is not in direct relationship with the hereditary tenant. What the latter pays as rent is shared by one or more parties, who have no function in relation to the land itself, and a relatively small proportion of the rent goes to the State as land revenue. So far as the proper use of land is concerned, the persons who really matter in each village are *raiyats* who are in direct control of land rather than those whose title is strictly limited to certain rents. From the aspect of efficient farming, whatever the lines on which we wish to reorganise the village economy, the important point is that those who hold superior rights should not block the way.

In seeking a *raiyatwari* system for Bengal, the Floud Commission were agreed that "if any scheme of State acquisition is undertaken it is desirable to remove not only the *zamindars*, but all grades of tenure-holders".\* The actual cultivator is in some cases the *raiyat* himself, in others the sub-tenant or *bargadar* working under the *raiyat*. The Floud Commission suggested in effect that all forms of rights over and above those of the *raiyat* or

\* Report of the Land Revenue Commission, Bengal (1940), Vol. I, p. 44.

the hereditary tenant, who can either cultivate the land or sub-let, should be acquired by the State upon payment of compensation. Their proposal seeks to place the *raiya*t, who may not always be the actual cultivator, in direct contact with the State.

How far should we carry the process of acquiring rights in the soil? The answer depends on circumstances. Where the great majority of *raiya*ts are themselves cultivators and belong to the cultivating classes it will be best to leave them in possession. Where *raiya*ts as a class are only the last of a series of rent receivers, they have as little reason to remain in possession of their areas as those who hold superior rights have for retaining them. In *zamindari* areas two tendencies are operating in an increasing measure in the case of *raiya*ts, namely, the tendency to sub-let land for cultivation, and the tendency to alienate occupancy rights. It is, however, still true that the bulk of *raiya*ts or hereditary tenants are at least as much cultivators of the soil as, say, peasants in the Punjab or in *raiya*t*wari* areas. We may, therefore, accept the view that action by way of *acquisition* is required in respect of superior rights and not in respect of the rights of occupancy which belong to *raiya*ts. The Floud Commission were in favour of purchasing these superior rights immediately, but in the light of the principles of reorganisation, which will be worked out later, a different time-sequence may be recommended.

It will be better, in the first instance, to put the *raiya*ts of each village as a body in direct contact with the State without adversely affecting the income which those who hold superior rights now draw by way of rents. This means that the State will itself collect legal rents, exactly as they stand, from village communities consisting of *raiya*ts, and after making deductions for the cost

of collection and its share of land revenue, distribute rents to those who are entitled to them. In addition to rents those who hold superior rights often have certain perquisites, rights to services, etc. These are generally very complicated and vary from one area to another. As a rule some compensatory payment of an annual character will be necessary on their account for the period for which rents are paid by *raiya*ts to *zamindars* through the State. In the meantime, the State will proceed to reorganise the economy of each peasant village on the principles of joint management, which we shall explain in the next chapter. We shall find that in many ways the problem of superior rights will be simpler and less expensive to the community if we deal with it against the background of a reorganised village economy. After *raiya*ts have been organised on the basis of joint management, transfers of superior rights may be controlled so as to give each village the right of pre-emption over the superior tenures which exist in it. When the time is ripe, the State will be able to fix the rates at which these rights may be acquired by a village. If the State acquires the rights in its own name, it will have to find money through loans and taxes. But if each jointly managed village has the option of buying up superior rights which exist against its produce, it will be found that villages will have both the capacity and the desire to find the money from their reserves and from loans raised from their members or from local cooperative banks.

There are certain obvious difficulties in acquiring superior rights while the village economy remains as weak and unorganised as it is at present. By following the policy recommended here we may expect to gain three immediate objects. In the first place, the reorganisation of the rural economy, as outlined in the subsequent

chapters of this book, is not held up until the task of acquiring superior rights has been completed. Secondly, the social power, which the possession of superior rights confers and which is a matter of even more consequence in villages than the actual rents due to *zamindars*, will rapidly disappear. Since the incomes which flow from superior rights are fully safeguarded by the State, *zamindars* can hardly object to the elimination of a link between them and the *raiya*s which, to say the least, is of scarcely any advantage to the agricultural economy. In the third place, the final settlement of the problem of superior rights will take place at a time when, through the growth of social forces, a community acting within a democratic framework will have the ability to take and carry out a big decision without damage to its economic prosperity or social stability.

#### NATIONALISATION OF PEASANT RIGHTS

We have urged that the rights of *raiya*s in the land which they hold should not be acquired by the State. *Raiya*s correspond to peasant owners in village communities in non-*zamindari* areas. Together, peasant owners and *raiya*s form the backbone of India's agriculture. They are the heart and substance of the tradition and the civilisation which the village community represents to this day. They are our most efficient cultivators and are repositories of much of the knowledge and experience of agriculture which has come to us from our ancient past. It is only by reorganising them along new lines, rather than by doing away with them, that we can hope to make our rural economy more efficient. In dealing with peasants, the test of any sound method of reorganisation is whether its principles are acceptable to their

common sense and moral values. If we pursue principles which are repugnant to the peasantry we cannot hope to succeed. There is a strong case for the view that it is to the interest of society to preserve the rights of peasant owners and *raiyats*. Let no one imagine that these rights can be nationalised except through the use of overwhelming force by a minority dictatorship. We may discard as unworkable every proposal which aims at capitalising the income of peasant owners and *raiyats* from their small holdings, compensating them once for all, and then placing them on a par with landless rural workers.

#### NATIONALISATION OF LAND HELD BY BIG LANDLORDS

We have rejected the nationalisation of peasant rights as a practical proposition and have defined the manner in which superior rights should be treated. The third problem to be considered is that of landlords. They are by no means a homogeneous group. Some of them are descendants of men who held leading positions under the Mughuls or under other rulers before the British. Some of them descend from pre-British revenue farmers or revenue collectors who acquired proprietary rights over large areas for no better reason than errors of policy or judgment at the time of the early British settlements. Some of them, as in Western Punjab or Sind, occupied important positions in local feudal and tribal organisations. They became big landlords without any effort of their own, when the areas over which they held some sort of overlordship came under canal irrigation. Finally, we have those landlords whose acquisitions are of more recent date, being mainly due to money-lending, purchase, long-period leases on nominal terms or other forms of Government patronage.



It is by no means difficult to build up a powerful plea for the abolition of landlords. Two considerations are, however, relevant. In the first place, so long as certain important changes do not occur in the balance of power in the community, no administration can hope to nationalise land held by big landlords. There are things which a society cannot do at one stage in its development, but can with little difficulty do at another. Secondly, in dealing with peasants and *raiyats*, we have accepted the principle of property in land. We have explained earlier that, on the whole, big landlords neglect their lands and that workers engaged by them, as tenants-at-will or otherwise, are poorly rewarded. Now, if big landlords were to manage their lands in accordance with social interest and social policy and the rights of workers were adequately assured, nationalisation of their land might not be necessary.

This policy implies two sets of measures. It means, in the first place, that tenants and labourers working under landlords must be protected. The State will insist on fair rents and fair wages, in the determination of which it will itself be the final arbiter. Secondly, instead of flat land revenue rates we need a system of land taxation in which rates in respect of each class of land in every district are graduated in terms of area. In this way the best features of the settlement procedure can be preserved and at the same time the principle of graduated taxation can be incorporated into our land revenue system. If both tendencies were to operate simultaneously, one by way of higher costs and the other by way of lower profits, the margin within which a landlord could perhaps carry on more or less inefficiently would be greatly reduced. Landlords would then have to become efficient managers and to avail themselves of

every technical change which might be found to be economical. If they failed to do so, they would be obliged to sell out from time to time and so help to liquidate themselves. Further, as in State farms and jointly managed villages, it would be obligatory upon private landlords to plan their crops according to the policy of the State. This is the measure of reorganisation which we may successfully introduce in the present circumstances in the sphere of non-peasant economy. Even if a limited policy of this character seems inadequate at first, it should be tried because it will itself point the way to change. It is possible that the tendencies upon which we are relying will not operate to the extent we have anticipated, but the initial presumption is that they will.

#### THE PRINCIPLE OF COOPERATION

In the course of our discussion on nationalisation we have arrived at a limited but practical policy in respect of land held by big landlords. We have also indicated how superior rights may be dealt with in areas where, but for them, we should have some kind of peasant proprietorship. We have still to consider how we should set about reorganising our peasant villages, whether they are held by peasant owners or by *raiyats* whose tenures fulfil most of the conditions of peasant ownership. These peasant villages, with their heavy pressure on land and uneconomic holdings, are our principal problem. Can we assure their rights to peasant owners and at the same time organise them into an efficient economic framework?

A number of solutions have been offered. All of them stress the need for combination among peasants, but differ in the forms and degrees of combination which

it is sought to bring about. The first proposal is that cultivators should work their own fields, but the crops which they grow should be prescribed by the community. This is described as consolidated farming, but in fact what is aimed at is a system of controlled farming. Not all the fields worked by cultivators belong to them, for a considerable proportion are rented from year to year. When the units of land held by individual workers are not altogether a certain quantity, control in farming operations becomes very difficult. Secondly, to take a normal case, it is highly questionable if a community of, say, 300 small owners would be in a position to set and execute a crop plan, covering perhaps a dozen crops, over an area of, say, 1500 acres, divided into four or five thousand scattered fields. There has been some attempt recently in two provinces to lay down by executive instruction the proportions in which food crops and non-food crops are to be grown by cultivators. The measure is understandable in war-time conditions, but it has dangers and its efficacy is not yet proven. When crop-planning in a village does not proceed from within the village itself but comes from above, as it were, by fiat, it is almost certain to be rough and crude and may well be abused by petty revenue staff. Already, through their control over revenue papers and knowledge of the extent of each man's possessions, the lower revenue officials have a great deal of influence and power over ignorant peasants. To put them in a position to determine and control what each man should grow is a serious step.

Those who wish to retain peasant economy, much in its present form, plead, in addition to consolidated farming, for cooperation in various directions, such as credit, buying and selling. They want cooperation in

everything except farming, which they envisage as a possible and desirable last stage in the process. If educated peasants with sufficient holdings were to cooperate in as many operations as possible, a great deal could certainly be achieved. It is, however, unfortunately true that in the India of to-day, the necessary conditions for fruitful and varied cooperation on an individualistic basis do not exist. In isolated places, due to personal or local factors, good results may be achieved, but this kind of cooperation is not in any sense an adequate principle of reorganisation for a country which wishes to secure its economic development by forced marches. This view is widely shared, and many of those whose work brings them into close contact with villages feel the need for some kind of cooperative farming. They realise that cooperation in farming should be the first stage rather than the last in the process of cooperation among peasants and that cooperation in buying, selling, and investment will be a necessary consequence of cooperative farming.

To this day, cooperative farming is little more than a phrase, which is seldom defined and is always vaguely understood. According to a recent authoritative statement, in cooperative farming "each cultivator would retain the rights in his own land, but cultivation operations would be carried on jointly. The expenditure would be met from a common fund and deducted from the gross income. The net income would then be distributed among the cultivators in proportion to the land belonging to each."\* If we try to fit this definition into our village economy, it turns out to be less useful than it looks.

\* Imperial Council of Agricultural Research: *Memorandum on the Development of Agriculture and Animal Husbandry in India* (1944), pp. 36-37.

First, an individual owner's rights in his own land are twofold. They involve (1) a right to cultivate his own particular bit of land, and (2) a right to let his land to a tenant-at-will in lieu of an income called rent. Which of these rights does he retain under a system of cooperative farming? Apparently neither. Secondly, as farming operations are to be carried on jointly, how will work be distributed? How will functions be evaluated? The answer to this question appears to be that, no matter what work different members of the cooperative farm do, the net income of the farm will be divided in proportion to the land belonging to each. Perhaps what is meant is the value of land contributed by each member to the farm. But a further contradiction remains. Do all men work equally hard? How do we provide for differences in individual performance? How do we provide for differences in functions themselves?

This definition of cooperative farming does not take us far. To the layman, cooperative farming suggests a system in which holdings of individual owners remain distinct, but cooperation is extended to a number of operations, such as common buying and selling, common use of agricultural machinery, possibly common investment. On the other hand, general cooperation in all field operations implies complete loss of identity as between individual holdings, and comes very near to collective farming. According to the authority which we have already cited, in collective farms "all rights in the land belong to the community. The latter cultivates the land and, after meeting the expenses and other dues, distributes the profits among the workers. It amounts to a profit sharing corporation." The statement needs to be qualified. In sharing profits, either or both of the following considerations may prevail. In the first place,

regard may be had to the value of the land which each peasant owner has contributed to the farm. Secondly, the income of each worker may be adjusted to his output and to the type of job performed by him. In collective farms, as they are known in Soviet Russia, only the second consideration enters into the calculation, never the first. Strictly speaking, collectivism implies that all workers are equal and that no preferential rights exist. Differences in income arise from the nature and quantity of the work done by individual workers, and not in virtue of the land which belonged to them before collective farming took the place of individual farming. A profit sharing corporation in which individuals have equal rights as *workers*, but differential rights as *owners* forming the corporation, is a highly developed form of cooperation, but falls short of collectivism.

#### SEARCH FOR A NEW PRINCIPLE

The importance and difficulty of the problem for which cooperative farming is offered as the solution are now obvious to all students. For, unless we discover a method which changes peasant economy into an efficient system of production and a just system of distribution, and is at the same time acceptable in principle to our peasants, we cannot even begin to tackle our problems of rural poverty as problems of economic organisation. Two considerations are fundamental. In the first place, since control over the management of land is the strategic keypoint in rural reorganisation, we must have the peasants with us and not against us. Secondly, we must accept the fact that no method of reorganisation will go down with a peasant community if it denies two conceptions, both basic to the psychology of our rural society.

These conceptions are : (1) the principle of ownership and (2) the principle of equal inheritance. A policy which, at a given historical moment, succeeded in a society still in the course of emancipation from feudal serfdom, might be completely unsuited to a society such as our own, in which the right of ownership has long been valued and freely exercised.

Those who take their stand on the principle of cooperation in any of its limited forms think mainly in terms of the interest and welfare of peasant owners. They tend to overlook the millions of landless workers, who exist somehow in the lower strata of the rural world, to whom by itself cooperation among peasant owners will afford no relief. In working out the type of rural system which we should set up four needs should be kept in view. These are : (1) efficient agriculture, (2) the welfare of landless workers, (3) integration between the rural and the industrial economy, and (4) a new structure of social values and incentives. We cannot hope to secure these ends, whether separately or together, without a totally new organisational framework in our peasant villages. Control over the management of land is the primary means for bringing about the changes which we desire. This control has been achieved in Soviet Russia, but if peaceful change is desired, we must adopt a somewhat different social approach, and in good time. We need a system of joint farm management which provides in a separate category for rights in the soil, but is based wholly on the notion of utilising efficiently all land, labour and resources in the interest of the community. A system of this kind is perhaps the most concrete and immediately practical form in which we can at present express the general idea of cooperative farming.

### CHAPTER III

#### JOINT VILLAGE MANAGEMENT

##### JOINT MANAGEMENT

THE WORDS "joint management" connote a system in which the claims of ownership are respected, but owners pool their land for the purpose of management. The underlying idea may be explained by means of a simple example. Let us suppose that we have an area of 60 acres which belongs to ten owners, who own respectively two, four, six, eight or more acres of land. Let us say that out of these ten owners four do not cultivate themselves, maybe because two of them are employed in some kind of service, one is in business, and one is too old to work. Under the system which prevails at present, those who do not work their areas let their land to tenants-at-will. Since we know this to be an inefficient practice, let us suppose that the area of 60 acres is managed jointly by all the ten owners, but is actually worked by the six owners who are available for work in the village.

Now, income from land divides into two parts— income due to work, and income due to ownership. This is the distinction between what the tenant-at-will and the owner get from the same piece of land. The division may be in kind or it may take the form of cash. It is as a rule customary in character, but it may sometimes be determined by competition. For the sake of illustration, it may be assumed that the customary division of produce between the tenant-at-will and the landowner is half and half. The six men who cultivate the area of 60 acres are entitled to half its produce in return for their



labour. These six, along with the remaining four, are entitled to the other half of the produce by virtue of their ownership. If, for convenience, this area of 60 acres is divided into six units of ten acres each, then every worker will keep half the produce of his piece of land, and will deliver the rest into a common pool. Out of this pool (joint *balai*) the farm will pay its land revenue, carry out such common investment as may be necessary, and meet other essential charges. The balance will be distributed as ownership dividend among all the ten owners according to the value of the area contributed by each to the farm as a whole.

This example has brought out a number of points. But before we explain them in terms of a peasant village a few words are necessary on the subject of technique in relation to the size of a farm.

#### TECHNIQUE AND SIZE OF A FARM

The size of a farm depends on three principal considerations: (1) availability of capital, (2) managerial capacity, and (3) technique. The amount of capital necessary for running a farm of a given size depends on the technique which we adopt. Modern power-farming involves a very much higher capital outlay than do the techniques which it has already replaced in some Western countries, but which still prevail over the greater part of the world. For a farmer taking land on rent in England, Canada, Australia or the United States, the volume of capital which he can command is an important limiting factor. When we are concerned, not with individuals, but with peasant communities, whose welfare is the first object of State policy, there is no reason to regard the magnitude of capital available as a factor

which limits the size of the farm to which we should extend the principles of joint management.

For individual farmers in Western countries, managerial capacity is a factor which limits expansion even more than the capital resources upon which they can draw. In any society a number of factors enter into the growth of individual and social capacity to manage undertakings. Education and training, tradition and experience, and the nature of the social and economic organisation of a community are the chief influences which determine its collective or average individual managerial capacity. The limitations of our rural society are well understood, and there will be general agreement that the managerial or organising capacity of our peasant farmers, acting separately or collectively, amounts to very little. But this is a sphere in which the State can make the greatest immediate contribution. It can provide managerial capacity in the form and to the extent required by the type of organisation which it wishes to promote. Peasant villages can be assisted by farm advisers or managers and other trained staff. In the course of a few years, a peasant community working on the principles of joint management should itself be able to develop the requisite managerial capacity. Thus, so far as managerial capacity is concerned, within wide limits we can make our jointly managed farms as large as we please.

The question of technique is in some ways the most important of all. Technique is one of the major social forces in any community, and is, therefore, not a mere matter of costs. Changes in technique bring about fundamental changes in the values and organisation of society itself. In a society in which technical and economic changes are constantly taking place, caste and other similar pre-determined social distinctions become almost

wholly untenable. We may, therefore, expect advances in agricultural technique, combined with joint management, to operate as a most powerful force for dissolving differences in status, income and working conditions between individuals engaged in similar work in villages. If reorganisation were based on the existing technique, farms of 100 or 200 acres would give us almost all the economies which follow from careful management and marketing, and from the application of scientific knowledge in respect of seeds, crops, fertilisers, plant diseases and animal husbandry. The application of science to agriculture is often taken to mean much the same thing as mechanisation of cultivation. In point of fact, however, it means a great deal more than mechanisation and is, over a very large field, independent of it. If we were to base the reorganisation of agriculture on mechanised techniques, we would need very much larger farms than, say, 100 or 200 acres.

There are many scientists who see in the mechanisation of agriculture the principal means for achieving agricultural prosperity. They do not always appreciate the implications of the fact that power-farming has no chance in our peasant economy until petty individual holdings disappear and the unit of management is greatly increased. Once we are in a position to secure these conditions, there are certain factors which compel us to draw up our priorities. Some time must pass before India can produce her own agricultural machinery sufficient to cover the greater part of her agriculture and at a mass-production price which will be economical for the farmer. Technical assistance must also be available to a much greater extent than can be envisaged, say, immediately after the war. Another question which should be considered carefully is whether, in a country

which is poor in oil resources, the wise course for us would not be to *supplement* rather than to discard the use of animal power. How far should we adapt improvements in agricultural implements to the use of animal power? It is not suggested that the conditions for profitable power-farming cannot be created, for, to a large extent they can and must be created. All that is necessary is to take a balanced view of the possibilities and limitations of power-farming.

It is legitimate to suggest that for some time to come all the capacity that we can possibly develop for the manufacture of agricultural machinery will be absorbed in directions which have a much higher priority than the mere replacement of man and animal by machinery. There are still large tracts in this country where deep-rooted weeds like the *kans* and the *hariali* throw thousands of acres every year out of cultivation. Similarly, there are extensive areas which are culturable, but remain uncultivated, mainly because they are beyond the capacity of the ordinary plough.\* Whether

\*In British India, in 1940-41, the cultivated area was 259.2 million acres. The total uncultivated area was 184.6 million acres, of which 86.7 million acres were classified as 'not available for cultivation'. Out of 97.9 million acres of 'culturable but uncultivated' land, only 9.3 million acres were known to be definitely culturable. The data in respect of Indian States is incomplete, and the reporting States, which cover an area of 258 million acres, furnish information in respect of 148 million acres only. Out of this, 19.3 million acres are believed to be 'culturable, but uncultivated' (1937-38). It is possible that, to some extent, mistakes in classification have exaggerated the figures of area in each province or State which can be brought under cultivation. On the other hand, given adequate organisation and investment, much can be achieved. A proportion of the area which can still be brought under cultivation belongs to Government or to the larger landlords, but the greater part is to be found in peasant villages, often in the midst of small and scattered holdings belonging to independent cultivators. *Agricultural Statistics of India*, Volume II, 1937-38; *British India, Agricultural Statistics, 1940-41* (provisional); *India: Guide to Current Official Statistics*, Volume I, *Production and Prices* (1943).

these uncultivated areas are situated in peasant villages or belong to big landlords or to the State, the need for power-farming is obvious.

In peasant villages, it is necessary at first to give priority to those types of machinery which raise productivity without greatly reducing the demand for labour. Thus, tube-well machinery, drills and harrows, threshing tackle and chaff-cutters will take precedence over combine-harvesters, which may do away at one stroke with a large part of the demand for harvest labour for cereal crops. On State farms and in large private farms, on the other hand, both direct and indirect encouragement to the modernisation of agriculture should be given by the State, so that every kind of scientific advance and labour-saving device is readily put to use. The reason for this distinction is that the relation between social costs and technical progress is very different in peasant villages from that which prevails in large farms belonging to private individuals or to the State.

The distinction is not one of principle, but of circumstances, expediency and speed. The natural rule everywhere will be to adopt new techniques as and when their economic advantages clearly justify the investment. State farms and large private farms will lead the way, and test and adapt each technique to our needs and environment. They will carry out experiments which, if extended to the entire rural economy, may involve social consequences, to which serious thought must be given in advance. They will also be able to try out ideas which entail heavy capital expenditure and perhaps risk of loss. As distinguished from the policy to be adopted in these farms, in peasant villages the first major step is the achievement of an organisational framework for efficient farming.

The problem of reorganisation in peasant villages is divided, as the foregoing should suggest, into two stages. The first stage is the introduction of scientific management on the basis of the existing technique. Once large farms come into existence and begin to function as complete economic units, such technical changes as are necessary and profitable will be effected without strong persuasion from any other source. The function of the State will be to promote, by means of grants, subsidies and technical assistance, those changes which it considers essential in the larger interests of the country. By tackling the problem of change in this manner, we shall keep to the minimum the numbers of those who will be rendered surplus to the rural economy in consequence of the replacement of individualistic petty farming by joint management. We may hope to bring about the necessary organisational changes without causing a social upheaval, and will gain time enough to absorb the surplus which must arise from the rationalisation of agriculture.

Viewed thus, the problem of determining the proper size for farm management in peasant villages is easily solved. We have in the village a social unit with definite loyalties and traditions. The fact that villages have their quarrels and factions does not detract from the place which they occupy in the social life of the country. We have now to transform the village into an economic unit, so that the area of each peasant village becomes the area of the jointly managed farm which will replace petty individual holdings. By taking the peasant village as our unit of management, we can reduce to smaller proportions several personal, religious and tribal difficulties which tend to crop up if the area of a village is divided into, say, five, seven or ten farms of 100 to 200 acres, and are inevitable in any attempt to rationalise agriculture. In the

second place, the village will be a convenient unit for organising the shift into non-agricultural occupations, within as well as outside the village, of all those who will be displaced when agriculture is reorganised. The two processes—release of under-employed workers from certain occupations, and absorption as fully employed workers in other occupations—will proceed simultaneously and will in fact be two parts of a single programme of economic reorganisation. To some extent it will be possible for us to regulate the pace and nature of the displacement and to meet the problem with the least social dislocation. Thirdly, as we shall see, we can make the village, already the primary unit in agriculture, an important corner-stone in our industrial structure.

#### SIGNIFICANCE OF JOINT MANAGEMENT

We have to aim, therefore, at a system of joint farm management, which takes the entire peasant village as a unit and retains the principles of ownership (or permanent tenancy) and equal inheritance. The loss of identity as between individual holdings is implicit in this change. Hitherto, some peasants cultivated their own land, while some let their land to tenants-at-will in lieu of rent. Now, those who cultivate will share the reward due to labour, and those who own will receive an ownership dividend. Some will receive only one kind of income, others will receive both. A peasant who owns, but does not work in the village, will only get his ownership dividend. A peasant who both owns and works in the village will get this ownership dividend as well as a reward for his labour.

The principles on which division of labour is organised

in a village community will determine work-income. Each community will work out for itself the principles on which the income due to owners as a body will be determined. Within the total sum earmarked at any harvest as ownership dividend, different owners will be rewarded in proportion to the value of the land which each has contributed to the farm. Both sets of principles depend on the type of technique which is predominant in the economy of a village. What may be suited to an agricultural economy based on power-farming will not hold good for an economy based on the plough-and-bullock technique.

In a reorganised village economy based on our existing technique, at the start of the operations, we shall have two categories of owners, namely, those who cultivate in the village, and those who, for whatever reason, do not cultivate in the village. The former will earn an ownership dividend in addition to their work-income; the latter will only earn work-incomes.

Thus, in the system of joint management, which has been described above, the conception of ownership is retained. Ownership, however, will not now imply permanent physical possession over or association with a specific piece of land, nor will it imply the right to let that piece of land to a tenant-at-will in return for rent. When all the land of a village passes into joint management, each owner will have the right to receive an income from the farm as a whole, according to the value of the contribution which he has made. Secondly, he will have the right to work on the farm. Thus, while ownership remains, it comes to acquire a new significance. Joint management also retains the principle of equal inheritance. Sons will not now share particular bits of land. They will share equally the ownership dividend due to their total



holding and each of them will have the right to work in the jointly managed village. The land will remain under joint management, and its operation will not be affected by changes and accidents of legal sub-division. In this way, a fundamental social principle, which has been perhaps the greatest single cause of inefficiency in peasant agriculture in thickly populated countries like India and China, can become a progressive and equalising factor in social development.

#### WORK INCOME AND OWNERSHIP DIVIDEND

We have provided separately for ownership and may now proceed to consider the principles on which work will be distributed and evaluated. In any system of large-scale management, the basis on which work is given out and functions allotted is a matter of the greatest importance. In Western countries, the common pattern is the employer-employee relationship. Farmers engage labourers, pay wages, and extract full work in return. The capitalistic principle of extracting work implies a degree of control and supervision. The sanction behind it is the right to dismiss on the one hand, and the desire to remain in employment on the other.

In Soviet collective farms, "work-day units" have been assigned to different types of work, and it is possible for a man to work hard and earn a larger income than the standard set for his job. This method provides an incentive, but involves both control and a great deal of labour-unit accounting. The sanction of reward and dismissal is strongly reinforced in practice by the manner in which workers on a collective farm are organised in brigades, to each of which specific tasks are assigned. Both in the management of the collective farm as well

as in the leadership of brigades, the Communist party has the pivotal position. Workers who are inefficient, unwilling or otherwise unacceptable can, if necessary, be sent out of the collective farm.

The capitalistic principle is not related to any particular technique, but the Soviet principle is only suited to farms based on mechanised techniques. Our problem is to discover a method for distributing and evaluating work in jointly managed peasant villages which will operate, in the first instance, through existing techniques. There are three limiting factors of which account must be taken. In the first place, in a peasant community, in which the claims of ownership are met through an ownership dividend, the sanction of dismissal is not available. Peasants in a village may differ in the extent of ownership, but in terms of social status they are essentially equal. If joint management implied the right to dismiss, it simply would not work. Secondly, a universal feature of agriculture in India, and indeed all over Asia, is that every worker is helped by the labour of his family. At this stage we have to contemplate a rural organisation in peasant villages which embodies the principle of decentralised family farm labour. Every worker should be assigned tasks which are more or less decentralised and in the execution of which he can get the help of his wife and children. In other words, the brigade method of Soviet collective farms has no application at all in the first stage of our reorganised peasant economy. In the third place, in our democratic village community we cannot have the master-servant relationship. It is essential that for each man the incentive should be largely inherent in the work itself.

Without some sort of precedent in real life, it would

be a difficult task to invent a new system which satisfies these three conditions. We are, however, fortunate inasmuch as a number of large farms in canal colonies in the Punjab and in other parts of India are already being worked on a system which has special interest for our jointly managed villages. In the Punjab colonies land is let to cultivators in suitable units, usually plots of  $12\frac{1}{2}$  acres each. This is the area of canal-irrigated land which a plough and a pair of bullocks are ordinarily able to manage. The farm-owners themselves contribute management and part of the capital, and secure certain standards of cultivation from their tenants. They work on the *batai* (crop-sharing) principle, and take from tenants whatever may be the customary dues of the landlord. Their yields are on the whole superior to those of peasant farmers in the same area and are also superior to those of other private landlords whose management is less scientifically organised. Such defects as exist in the system are implicit in the tenant-landlord relationship and in the fact that at present customary rents are exorbitant. The system has, however, certain real merits and can be easily adapted to the structure of joint management.

In most areas in India rents in kind are quite common, and peasant owners will probably prefer to take them as the basis for working out the ownership dividend. For fruit trees and certain specialised crops, and in the vicinity of towns, cash rents are the general rule. To the extent that cash rents prevail, they can be taken into the system of joint management. There are several practical advantages in accepting current rentals in this manner. They provide a measure of the ownership dividend which everyone in the village already understands and regards as satisfactory. In conceding

this measure, we overcome at once an important psychological obstacle to joint management. A village makes a big advance when, instead of some owners leasing their land to others, all owners "lease" all their land to a new joint organisation which now takes over the management of the entire area of the village. This advance will be made somewhat more easily if current rentals are accepted as the basis than if attempts are made to fix new rates.

At this point the fact that rents are at present pitched too high in favour of owners may come as a disturbing thought. But we are concerned with the constitution of a dynamic rural society, and the direction in which changes are likely to take place is at least as significant as the way we first set about our task. In actual practice, a jointly managed farm will start off by performing the accepted functions of landlords, whatever these may be in a particular village community. The joint organisation will rapidly gain in authority and in its ability to assume new and increasing responsibilities. The State will give grants and loans for specific purposes, not to individual owners, but to the joint organisation of each village. As time passes, in progressive measure, the joint organisation will invest a good deal in developing the land through minor irrigation works and through fertilisers. It will build up special reserves for contingencies for which the individual cultivator is never able to provide. It will set out to develop different parts of the village according to their requirements and potentialities. Considerations of individual ownership, which are now a constant impediment, will be irrelevant to a policy of development such as jointly managed villages will be able to follow. The important test will be, not the capacity of an owner to develop the land which he has contributed to the farm,

but the actual needs of different areas of land within the jointly managed village. Capital, the supply of which is a restrictive factor for individual owners, may be expected to become freely available to jointly managed farms, either from reserves or from loans or from savings accumulated by members of the village community, on which interest will be paid. But a large part of the expenditure is certain to come from the common income of the farm.

The consequence of this pressure for capital investment will be that a substantial part of the farm's share of the produce (or gross ownership dividend) will be spent on increasing the productivity of the farm itself. The fact that we accept current rentals has the unexpected advantage that there will always be a high rate of capital investment. This might not be possible if rents were low and most of the income of a jointly managed farm passed into consumption. The rents nominally realised by a joint farm will be very different from the dividend which will, after a period of development, actually go to the owners. In this way high rents, for which at present we have no solution, will cease to be a problem in peasant villages.

So long as the existing technique continues, the greater part of the land will be worked on the above system. For fruit gardening and vegetable farming the jointly managed farm will be able to set apart separate blocks of land and will engage permanent hired workers. Similarly, village tanks will pass into joint management and important developments in inland fisheries may be initiated. The organisation of a large trade in eggs, based on the development of poultry as a subsidiary industry, can be undertaken by joint villages. In respect of these activities, the jointly managed village

will act like a capitalistic entrepreneur working for profit. Similarly, it will act like a capitalist in respect of the village dairy, where *ghee* and other milk products will be prepared for sale. Such local industries as a village may be able to start on its own initiative, or at the instance of the State, or in liaison with organised industry, will also be worked on the capitalistic principle. There will be, however, two very significant points of distinction. In the first place, as we shall see, workers will be paid adequate wages. Secondly, capital for each of these enterprises will come from all the people of the village and profits will also go back to them. The investment will be broad-based and will not be the privilege of a few, and the joint farm will be the principal share-holder in every case.

The decentralised family farm labour system will prevail mainly in the production of crops. The area under crops will therefore be divided into suitable units, and each worker, assisted by his family, will be responsible for operating his unit. This brings us to the problems of internal organisation in jointly managed villages.

## CHAPTER IV

### PROBLEMS OF INTERNAL ORGANISATION

#### WORK UNITS

IT is the task of practical organisation to fit general principles into the social and economic framework of the peasant village. This is by no means an easy undertaking. We have suggested that the principle of decentralised family farm labour can be incorporated into our reorganised economy if the area under crops is divided into suitable units, each of which can be operated by a worker assisted by his family. How will units of work be constituted? How will they be allotted? How will the organisation function in the village itself? Our object here is to present a preliminary framework of ideas on reorganisation. The further development of these ideas will depend largely on planned experiment. In this field, as in every other which concerns human institutions, the best ways of doing certain things or fulfilling certain objectives can only be discovered through practical experience. Principles and aims can be outlined in advance, but their best concrete expressions and their limitations can only be known when we test them in contact with real life.

Physical conditions vary from one village to another and often within the same village. In constituting units of work in any tract or village, environmental factors have the greatest practical importance. In a province like the Punjab we may distinguish nine different kinds of areas. The most important distinguishing features are the source of irrigation, the degree of security against crop failures which each tract enjoys, and the nature of the terrain. The nine types of areas are :

- (1) areas with secure rainfall ;
- (2) areas whose rainfall is insecure ;
- (3) areas whose agriculture is based on wells and rainfall ;
- (4) areas whose agriculture is based on perennial canals ;
- (5) areas whose agriculture is based on non-perennial canals, wells and rainfall ;
- (6) areas whose agriculture is based on non-perennial canals and wells ;
- (7) areas whose agriculture is based on inundation canals ;
- (8) riverain areas ;
- (9) hill tracts.

Similar classifications can be drawn up for other provinces. Each of the principal provinces and States in India has its own specific problems and in each of them we should expect a great deal of diversity in physical and economic conditions. We are here examining the problems of joint management in terms of general principles, but it is necessary at all times to be aware that these principles have to be adapted and applied separately to a number of different types of environments which we meet in different parts of the country.

Each type of tract imposes its own limitations. The main dividing line is, on the one hand, between areas in the plains as distinguished from riverain and hill tracts, and on the other, between areas which are reasonably secure against crop failures as opposed to those which are frequently exposed to famine or scarcity. In reasonably secure areas in the plains, despite differences in soils, it is possible to set up units of work which are of approximately equal value and may be accepted as such by a given number of workers to whom they



have to be allotted. As this possibility seldom exists in hill tracts and in areas subject to constant river action, in these areas joint management of all the land of a village will not always be a feasible proposition. We may have to content ourselves at first with cooperation in certain matters only, for instance, in purchase and sale. There will be a joint organisation in the village, but its functions will not ordinarily extend to land management. It may be the channel through which the State provides financial assistance to the village, either through grants or loans. It may borrow on behalf of the village as a whole from the cooperative bank. It may be the means through which technical assistance reaches the village. Each peasant owner will manage his own land, and will receive such assistance as the joint village organisation can provide. A possible line of development is that those owners who do not cultivate themselves may lease their land to the village organisation which will be in a position to manage it on a collective basis. Similarly, in tracts which are insecure, it may be better to retain individual holdings until the joint organisation of a village is in a position, with the help of the State, to accept responsibility for risks of all kinds on a collective basis. In the intervening period, the functions of the joint organisation are likely to be similar to those which have been described already for hill tracts and riverain areas.

The significance of physical environment, then, lies in the fact that it determines to a large extent the level of joint organisation which may be attempted in a given situation. In the plains, for example, a higher level of joint organisation is possible than in the hills. Other factors which determine the character of joint organisation are the habits and traditions of the peasant

body and the nature of the transformation which we wish to bring about. Even in the plains, the manner in which units of work will be devised will vary in different environments. Thus, intensive rice-crop areas present one kind of problem, areas under well-irrigation another, areas dependent upon rainfall or canal irrigation yet another, and so on.

Once it has been agreed that all the land of a village is to be managed jointly, the first step will be to value the land and the capital which each owner contributes to the village farm. Since considerable differences in the quality of soil are often found in the same village, land will be valued with reference both to area and to quality. Wells, fruit trees and other trees will be valued as capital. Land and capital which are valued in this manner will together represent the total contribution of each owner to the farm, on the basis of which he will get his ownership dividend. The total sum allowed as ownership dividend will be determined at each harvest by the village community, and will therefore vary from harvest to harvest. But within this sum, the proportions in which different owners will draw their dividend will be fixed according to the initial valuation. Thus, after the valuation has taken place, details of individual holdings cease to matter altogether. Each man's ownership dividend will be a fixed proportion of a total quantity which will itself vary from one harvest to another.

Such valuation on an agreed basis should present no insuperable difficulty. It has been carried out over and over again in every village in which holdings have been consolidated. The valuation must take place on the basis of principles which the entire community accepts and without any reference to personal considerations. If

the view taken by the elected managing committee of a village is disputed by any owner, he may appeal to the village community, which will re-examine the point at issue and come to a final decision. Differences in quality between several bits of land are a matter on which any village community, acting perhaps with the help of State officials, is quite capable of reaching a just conclusion.

Having valued land and capital standing upon land, the next step is to divide the area of the village into suitable work units of estimated equal productivity. It may seem at first sight that we propose to divide the area of a village into as many units as the number of workers who are available and must be provided with work. This is decidedly not the case. A unit of work can be defined as the area which, in given conditions, may be cultivated, according to the present technique, by one worker who is assisted by a family of average size. For practical purposes, as a rule, this is the area which one plough can manage. Now, in every village, for each class of land, there are commonly accepted notions of what the appropriate plough-units are or should be. The plough-unit is an idea with which peasants are quite familiar and which is in itself sound. A plough-unit also stands for an adequate peasant-holding and is a much more definite conception than an "economic holding", a phrase which no one has yet been able to explain in terms of any general principle.

The plough-unit conception will be found a sufficient guide except when we are dealing with areas in which intensive ricecultivation takes place, or when we are concerned with well-irrigation. In intensive rice areas the work unit will be, according to definition, the average area which is sufficient, in the given conditions, to absorb the labour of a man and a family of average

size. On well-irrigated land, the unit of allotment will be based on the area commanded by a well, which may require the use of two, three or four pairs of bullocks, depending mainly on the depth of the water, the intensity of cultivation and the character of the crops which are grown. Thus, it may often happen that one unit of allotment will consist of two or three units of work. A well and the area commanded by it may be allotted to two or three families who are prepared to cultivate jointly. There need be no doubt that work-units, conceived in either of the three ways which we have explained, will give a much better living to families employed upon them than the sort of maintenance which peasant farmers are now able to obtain from holdings, most of which fail to find full work either for a pair of bullocks or for a man and his family. This difference arises partly from the fact that joint management will increase production and partly from the fact that in most provinces work units will involve a reduction in the numbers directly engaged in agriculture. The extent of the probable reduction will be estimated in the next chapter.

The idea of dividing the land of a village into work units is likely to appear both difficult and artificial. It may be said at once that peasant farmers have much less difficulty in understanding and accepting it than those who have no practical experience of village conditions. The detailed solutions which are worked out in this chapter have been examined in a large number of villages, and such value as they may have arises almost entirely from the fact that they are a product of discussion with villagers. Although these discussions took place mainly in the Punjab, there is much similarity in the outlook of peasants everywhere, in the techniques of agriculture which prevail all over the country and,

despite certain differences in the degrees of poverty, to which villagers in different parts are exposed in the character of our fundamental social and economic problems. The various solutions which are set out here are merely tentative and preliminary answers to the practical problem of expressing in the vital transitional stage the principle of decentralised family farm labour within the framework of joint village management. Most of them do not raise issues of principle, and we may be certain that at a fairly early stage in the planned experiment, to which we shall refer, new and better solutions will be obtained and will take the place of our first approach to a problem which is at present altogether outside the range of practical experience.

In forming units of work, it is important to ensure that in productivity they should be as nearly equal as we can make them. If this condition were not satisfied, impartial allotment within a village would be impossible. It is not merely necessary that units of work should in fact be of equal value, but also that every member of the village community should accept them as such. At this stage we are not concerned with the problem of allotment. We are only to determine and demarcate units of work in complete disregard of all personal factors. No one can guess which unit will go to whom. Nor are we concerned at this point with incidents of individual ownership. Our problem is simply to divide an area of X acres, consisting of different classes of land, into Y units of estimated equal productivity.

Can this be done? This depends on whether we can reduce differences in the quality of land and nature of irrigation to a comparable basis. The proposition appears difficult at first sight, but consolidation experience comes to our help. In every village in which holdings have

been consolidated, land has been classified in detail with the general approval of peasant owners. Different classes of land are valued by common consent with reference to one another, so that ten acres of class A may be held to be equal to twelve acres of class B, twelve acres of class B to fourteen acres of class C, and so on. Thus, it is not a novel or a very difficult proposition to value the land and to classify it in detail. The division of the area into work units is more difficult, but well within the understanding of a village community, which is assisted by competent State officials. As already indicated, all these initial operations are to be carried out without reference to personal considerations, either by way of allotment or by way of ownership.

In consolidation operations, there have been frequent complaints, not always without reason, that members of village committees and other persons with local influence arrange to get the best lands for themselves. If the same thing were to happen in villages which accept the idea of joint management, the lack of confidence would be sufficient to wreck the scheme. We have to take every care to ensure that all operations are carried out with fairness and in accord with the principles which the village community has already accepted as just. Perhaps the most generally acceptable and neutral principle in allotting work units of approximately equal productivity is that those who are entitled to receive them should draw lots. The fact that lots would be drawn eventually would more or less compel the organisers and the village community to arrive at work units which are of equal value in the best judgment of all concerned. It is almost certain that when we actually undertake these tasks, better solutions will be forthcoming, in which event we should be only too ready to accept them.

## THE CHOICE OF WORKERS

We have now to equate the volume of employment available in a village which comes under joint management with the number of adult workers who live there and desire work *in the village*. Work units will not be the only form of employment to be had in the village. The jointly managed village will not be content with growing the usual crops. It will plan the use of all its land and, in so far as conditions are favourable, it will develop an area for vegetable farming and another area for fruit gardening, and it will work them in common interest on commercial principles. Similarly, it will organise a village dairy, either for the sale of milk to urban areas, or for the manufacture and sale of milk products. The organisation of production and the sale of fish and eggs and poultry are also obvious developments in any jointly managed village. In addition, the village will undertake certain industrial enterprises of a relatively simple character, either on its own or in service to some organised industry.

Whatever the measure of total employment which can be provided in the village by all these means, the problem of numbers for whom work is to be found will frequently be very difficult. In some areas the number of workers may fall short of demand, and workers may have to be sought from other villages. In most districts, however, the number of workers will exceed the demand for labour. The margin between the two will vary from one district to another and from one period to another. In the following chapter we shall examine as fully as the existing statistical data permits the effects of reorganisation on agricultural employment, and the extent to which basic reorganisation of our rural economy

imposes upon us the task of creating simultaneously new forms of work and service within and outside the village.

We arrive now at the most difficult stage in practical organisation. We have to choose the men who are to obtain employment (a) on work units, and (b), in other forms of work in the village. Secondly, we have to determine who should move out of the village for work elsewhere, whether in industry or in some kind of service. Problems of this character do not arise in a competitive economy, because every individual is free to move out whenever he chooses to. They are, on the other hand, among the most difficult issues which a fully planned economy has to face. Under the existing economic structure in India, free movement into occupations of their own choice means very little to the rural population, and even implies a continuance of poverty. The need for planning employment arises from the fundamental fact that without reorganising the rural economy we cannot secure its development rapidly enough and to an extent which will appreciably relieve the poverty of the masses.

In this field, without some experience of how joint management will work out in practice, it is unwise to suggest hard and fast rules. We have nothing to fear in a village in which the demand for workers exceeds their supply. But even in villages where this is not so, we shall find that individual and social factors of a *local* character will sometimes combine to make our problem much simpler and sometimes much more difficult than we may have reason to believe on *a priori* grounds. Every province, tract and village will have to solve its own special problem in its own way, and at this stage we can only suggest some general considerations.



Before a village passes into joint management, its social economy will be carefully surveyed and by fully trained officials with the assistance of the village community. The survey will necessarily cover every family in the village. Its first object will be to ascertain the means of livelihood open to each family, and the resources, human and material, which are at the disposal of the village. Thus, we should have to know in detail, for each family, (1) its composition, (2) the fields owned and cultivated by it, (3) its supplementary sources of income, (4) its agricultural equipment in the shape of implements and cattle, (5) its indebtedness, both secured and unsecured, and (6) particulars concerning the health and education of each of its members. On the basis of such information, we should be able to form a complete picture of our problem for the village as a whole, with special reference to, (1) caste and tribal grouping, (2) occupational distribution, including a complete statement of available and potential workers, (3) survey of cultivated and uncultivated area, (4) rights in land, water etc., (5) distribution of owners' and cultivators' holdings, (6) cattle and implements, (7) education, and (8) health.

As joint management implies the planned development of *every* aspect of the life of the village, we should set about preparing an all-embracing 'budget' for the village which, on adoption by the village and acceptance by the State, will become its immediate programme of action. It will be necessary in particular to assess the possibilities of development, both short-term and long-term, with special reference to the problem of employment. This will mean that before any change is attempted, we shall know the magnitude of our task, in particular the number of men for whom

work must be found. Now, we cannot bring about the change satisfactorily, unless we are able to provide either within or outside the village *work for all who are willing to work*. As we shall see, we cannot secure full employment without coordinating our plans over the whole range of economic life. In the meantime, in order to gain a clear picture of the nature of the practical problems which will confront us, we may make the assumption that the authority engaged in planning, and through it the village community, can offer adequate work to every able-bodied man, either in the village itself or outside the village.

The principal forms of work which we have to consider are :

- (1) cultivation in work units ;
- (2) wage-work in the fruit garden, in the dairy, on the vegetable farm, and in other cooperative enterprises in the village ;
- (3) existing skilled occupations in the village, such as those of shoe-maker, carpenter, blacksmith or potter, and new skilled occupations which may develop in future ;
- (4) seasonal field labour in the village ;
- (5) employment outside the village, whether in industries or in different forms of service.

There are two closely connected questions which we have to answer in respect of each class of work. The first question is whether, as a result of joint management, the volume of work in each category is likely to expand or to contract. The second question relates to the manner in which different workers will choose between the various forms of work, when there is work for every man who wants it, and when this assumption does not hold good.

It is implicit in the very idea of rationalisation that the number of men who can be employed in cultivation on a given area of land will be smaller than under the existing system of petty peasant farming. If all land were to pass into communal ownership, there would be nothing to distinguish the claims of one section of the population from those of another. Those who formerly stood apart as peasant owners or tenants-at-will or labourers would now be equal in every sense. In allotting work the criterion of efficiency could be adhered to without regard to the social antecedents of individual workers. Under joint management, we have retained the principle of ownership or hereditary tenancy. From this it follows that there is one class of work for which owners and *raiya*s will be preferred to others, namely, work in the form of work units. In each village which passes into joint management, work units will be allotted in the first place to those peasants and *raiya*s who wish to work in the village, and others will be considered only if surplus units are available.

This principle of preference is open to objection because it suggests a departure from the idea of equality for all who constitute a village community. But there are important practical reasons why we should be willing to countenance such a policy during the period of transition. Land belongs to peasant owners, and they have the right as well as the obligation to cultivate it. They are entitled either to cultivate it themselves or to let it to tenants-at-will. It is not the purpose of joint management to deprive them of their rights. So long as the great bulk of peasant owners are themselves cultivators, they must retain a certain priority over others in such *direct* employment as arises from the cultivation of land. The fact that this priority will

remain on the first change-over from petty farming to joint management will be a powerful psychological aid to the success of the new economy. Secondly, preferential rights for peasant owners will remain only so long as joint management in a village operates through the existing techniques. When mechanised techniques come to be adopted, there can be no practical distinction between workers who were at first peasant owners and those who were not. The principle of preference which we have suggested in respect of ordinary cultivation during the period of transition appears on the whole to be a more acceptable basis of selection in our peasant villages than any alternative which it is possible to consider. We shall examine later some of the problems involved in allotting work among peasant owners within the limits of this principle.

The village organisation on which joint management will confer many new responsibilities will not be composed of peasant owners only. Every family resident in the village, whether it belongs to the group of peasants or of artisans or of labourers, will have an equal place in the controlling organisation. Decisions will be taken by the entire body and any executive committee appointed to carry out day to day tasks will be elected by the village community as a whole. Even though we are compelled by the structure of our peasant society to accept a preferential element in favour of the proprietary body in the village, it would be a grave mistake to make the proprietary body, acting jointly, the supreme arbiter of the life of every other section in the village. Such an arrangement would certainly visit hardship on groups which have hitherto remained inferior or suppressed. A corporation of owners could be considered if our object was to secure only their

welfare and if there was enough land to go round. But we look upon control over the management of land as the means through which *all* the resources of a village, whether human or material, will be developed so as to relieve the poverty of *all* sections of the population. Secondly, in a reorganised economy, full-time employment for a relatively smaller number will take the place of part-time employment for a somewhat larger number, so that the problem of finding work will affect owners as well as non-owners. We have, therefore, to take as our village community, not merely the body of owners, but all persons who live in the village and belong to it. It is true of course, and for some time even inevitable, that leadership in the village community will remain mainly in the hands of the proprietary group.

In all forms of work in which wages are to be paid, there will be no distinction whatsoever between one section of the population and another. These include the village garden and dairy, the vegetable farm, the village tanks turned to the production of fish, and work of an industrial nature which may come to be organised within the village. For each enterprise the village community as a whole may set up a separate committee. These managing committees will be concerned to show results in terms of costs and returns, and must therefore follow the principle of efficiency in choosing their workers. It is reasonable to expect that once a village comes under joint management, wage-work of all kinds will rapidly expand. Unless there is a vigorous drive all the time for the creation of new forms of work and service, there will be an unemployment problem in the village, which will make it extremely difficult for joint management to function smoothly. Each enterprise conducted by the village community will derive its capital partly from

joint farm reserves and partly from individual subscriptions. The investment should be as broad-based and equitably distributed as possible, so that it comes to have the merit both of personal interest and of social ownership. It may be expected too that these enterprises will pay adequate wages, for, if they did not do so, they would in fact lose the greater part of their purpose. At a later stage it should become possible to assure by legislation adequate wages and an increasing measure of social security in the rural economy no less than in the industrial economy.

In the self-contained peasant economy the level and character of village craftsmanship remained practically constant for many centuries. When improvements in agricultural technique and in the standard of living take place, skilled occupations, which will be required or which can be undertaken in the village, will increase both in number and variety. The existing village crafts will no longer be adequate in terms of the needs of the village. It will fall upon the State, acting as a rule through the joint organisation of each village, to set up machinery for adapting village craftsmen to the new needs of industrial and rural society, by providing for technical and financial assistance and offering security in the transition from occupations within the village to occupations outside the village. When new skilled occupations arise, workers from non-artisan groups will also find employment in them, so that there will be no necessary connection between an individual's tribal or caste status and his occupation. In sending both existing and potential skilled workers into different occupations and different centres of work, there may be an element of direction and guidance from the State, but economic incentives will be the principal

motive driving individuals to seek different kinds of work.

It is reasonable to expect that under joint management the volume of skilled employment available in a village will continue to grow. To an increasing extent, new occupations will arise which will have nothing to do with caste. Workers from artisan groups as well as from non-artisan groups will equally seek these occupations. If the demand for workers exceeds the volume of work available, the choice of workers will not be a difficult matter. If, however, there is competition among workers for a limited quantity of work, the joint organisation can only rely on one principle, namely the principle of efficiency, which will apply equally to all sections of the population. While new workers will be attracted to new occupations, workers engaged in existing village crafts will find that, with rationalisation in agriculture, a large proportion of them will obtain work sufficient to employ them all the time, and the rest will have the opportunity of taking to new occupations. Thus, two processes will be in operation simultaneously, namely, reduction in the number of workers engaged in existing skilled occupations, and absorption into new occupations of workers released from old occupations as well as of new workers from non-artisan groups. In both processes, individuals will make their choice mainly under the influence of economic motives, and it will be the task of the planning authority and its agencies to create the necessary incentives.

The total volume of seasonal field labour under joint management will not greatly exceed that at present available in the village. Since the reorganised economy will offer full-time work to many more workers than

the present economy does, the number of persons, whether village servants or artisans or other wage-earners, who will look to seasonal field labour as a principal source of livelihood, will diminish. At the same time, it is likely that seasonal work in the village will always be looked upon as a useful source of subsidiary income, specially for women and children and for the relatively poorer workers. It may be expected that in an increasing measure seasonal labour will be engaged, not so much by individual cultivators, as by the joint organisation of each village. When this change occurs, it will have important social consequences. It may well be that the cultivating castes or tribes in the village will begin to accept seasonal work as a means of supplementing their income in the same way as the so-called inferior groups are likely to do. Another result will almost certainly be that when members of inferior groups serve the joint organisation, of which they are themselves a part, their status will improve. The sense of social subservience which arises from service as menials or labourers to other individuals in the village will tend to disappear.

The last category of employment which we may consider is employment outside the village, whether in industries or in services. As we have stressed before, employment of this character must increase rapidly if we are to carry out without serious strain almost any scheme of rural reorganisation. It is a necessary condition of rural progress that the scope for employment outside the village should increase *pari passu* with reorganisation in the village and to such an extent that there is a steady and continuous movement of population from village to town. The main impelling motive in leaving the village is bound to be the prospect of doing



better by taking to the army, to some service or to work in industry. To create and maintain a movement of this kind will be one of the principal objectives of economic planning after the war. It may be recalled that with the demand for men in the army, in industries and in other occupations, at the present war-time levels, we have felt a scarcity of labour of all kinds in rural areas. After the war, we have to *produce* a situation of this kind deliberately and to a far greater extent through planned industrial development in every part of the country. For the successful reorganisation of the rural economy it is essential that the demand for workers outside the rural economy should increase very rapidly at first and at a steady pace subsequently. If we conceive the problem before us in its full implications and put our ideas into practice with the necessary boldness and vision, it is certainly not rash to envisage a time when economy in the use of our human resources will be no less necessary than economy in the use of coal or capital or technical personnel.

The sum up, therefore, as a result of joint management, the demand for workers for cultivation will as a rule be less than the present demand. We shall estimate the probable gap in the next chapter. In every other regular form of work, however, both in the village and outside the village, we must count upon a very large growth in the employment which becomes available. Workers will go into different occupations mainly at their own choice and under the influence of economic factors. Wherever there are more workers than we have work for, the choice between them will be made on the principle of efficiency by the joint organisation of each village. The joint organisation will comprise, as we have said, all sections of the village population,

and will not merely be a body composed of peasant owners. For all forms of wage-work in the village, equally with wage-work outside the village, there will be no discrimination in the rights of different sections of the population. The State as well as joint village organisations will, as a matter of necessity, be bound to find work equally for those whom we now count among village servants and labourers or artisans, as for peasant owners for whom work as cultivators is not available in the village. In the transitional stage, so long as cultivation remains decentralised in the form of work units, as peasant owners cultivators will enjoy a certain preference over other workers.

#### ALLOTMENT OF WORK UNITS

The work unit conception is related definitely to the existing technique and social structure and, in view of its obvious limitations, it is offered only as a first and tentative solution. When the technique of agriculture changes and the rural organisation comes to be more integrated, the distinction will be between different types of work, and not between different classes of workers, to whom differential economic rights are allowed because of the place which accidents of birth have given to them in the peasant village. As we have pointed out, the work unit idea was considered quite feasible by peasants, at any rate in discussion, in a number of villages. The only ground for commending it is that it is a practical method of combining joint management and our present technique of agriculture within the framework of peasant society, through which alone we can operate. If a better immediate solution could be suggested, we should have no hesitation in

scrapping work units as a basis for organising the cultivation of crops in a jointly managed village.

In allotting work units among owners or *raiyats* there are a number of difficult problems. The first problem relates to the treatment of middle owners. The average holding in a peasant village is quite small. It may be as small as two, three or four acres, and in any case it rarely exceeds eight or ten acres. There are, however, a few middle owners in every peasant village, whose holdings are relatively larger than the average, and may be in the neighbourhood of 30, 40 or 50 acres. If a person owns more than, say, 100 acres he can hardly be counted among peasant owners. This disparity is quite frequently due to incidence of inheritance, such as lack of issue or the fact that in certain families there has been less sub-division than in others. During the past three or four decades, active purchase of land, often with money earned in service or business or professions, has also been an important factor in increasing the inequality of ownership in peasant villages. This is particularly evident in provinces in which there is no legislation limiting the peasant's right to alienate his land, so that non-agriculturists have continued to buy up small holdings. The general picture of a peasant village, in which there are a large number of small owners and a few middle owners, is however still true of the greater part of the country. In *zamindari* areas the same disparity is observed between the holdings of *raiyats*.

Now, these middle owners and *raiyats* cannot be easily fitted into a system of joint management. Though they are better off than the rest and, in their desire and ability to buy land from smaller owners, they bear a family resemblance to *kulaks*, they can hardly

be described as an exploiting group. It is largely among them that village leaders and men with influence and organising capacity will at first be found. An ideology which is prepared to uproot society may proceed to do away with them, but a system of joint management, which provides for the legitimate rights of landholders, needs the active leadership and cooperation of middle owners. Such leadership and cooperation will not be forthcoming, if, in the allotment of work, a man owning 30 acres is treated on the same footing as another owning, say, three or five or ten acres. We have to consider, therefore, whether we can relax the rule of equal distribution in such a way that joint management can function smoothly without at the same time losing its character and purpose.

This question was discussed at length in villages. The principle which found wide favour was that no owner-family should *hold* an area larger than it could *cultivate* by its own labour. At present a person holding, say, 30 acres, may cultivate 10 or 15 acres and may let the rest to tenants-at-will. In other words, he may cultivate one part of his land and may merely *manage* another. When a village passes into joint management, no individual owner will personally manage an area on which he does not himself work. This will not prevent a cultivator, who holds a work unit, from taking on a hired worker whose wages he pays out of his own income. At the same time, a person who is not a cultivator himself will not be permitted to hold a work unit which he may operate by means of hired labour. Similarly, there will be no question of subletting a work unit to a tenant-at-will.

According to the principle which we have suggested, if the work unit is 10 acres and an owner-family

contributes 30 acres to the farm, it will have the right to cultivate three units, provided it has three adult men, able and willing to carry on the cultivation. If only two workers are available, it may take two work units. If only one worker is available, it will cultivate one unit and draw only the ownership dividend in respect of the other two. If it has no one to work on its behalf, then under joint management it will receive an ownership dividend on the basis of its total contribution to the farm. This concession to middle owners has a certain moral value and may be a factor in securing their active interest in the success of joint management. They should know that if, even on such terms as these, they do not join the rest of the community, they cannot expect to retain their position in the village by consent, and are likely sooner or later to provoke a strong reaction.

The concession must, however, be qualified to some extent in the interest of the many who possess only small holdings. If peasant owners as a class are allowed a preference in employment on work units and the allotment is to be made on a family basis, it follows that in principle each owner's family has a right to secure a work unit. When it comes to allotting work units among owner-cultivators on the principle of "one family—one unit", in the first round each family of owner-cultivators should have its turn. If surplus units are still available, differences in the extent of ownership may be taken into account in the second round. In other words, before we operate any concession in favour of middle owners, the claims of the smaller owner-cultivators must receive priority. To this extent, joint management implies a process of equalisation in opportunity, even in respect of cultivation.

In many areas we shall find that the allotment of work units among owner-cultivators does not go the first round. In some areas it may be hard even to complete the first round. To meet situations where we do not have land enough even for the first round, it may be possible to limit work units in the first instance to those cultivating owners who normally maintain at least one plough animal. Those marginal owner-cultivators who have very tiny holdings, for instance, less than an acre, for which they keep no animals of their own, may be quite willing to accept, in place of their present precarious livelihood, full-time work in other occupations within or outside the village.

The entire problem of distributing land for cultivation to a smaller number of men than the number who hold it now bristles with difficulties, some of which are difficulties of principle, others of which are local in character. Difficulties of principle arise from two sources. So long as our existing techniques remain, we have to allot work units, necessarily, to a limited number of cultivators. Consequently, we have to differentiate in the village between owner-cultivators and others, of whom some at any rate are regular cultivators. As we have already indicated, the problem will be greatly simplified when, as a result of joint management over a few years, the village economy becomes more integrated than it is and large changes in technique are introduced. In the second place, like democracy itself, joint management cannot provide a supreme authority which none may question. It has to work through villagers as they are, with their differences in outlook, function, experience and rights, and must bring about vital changes, not at one stroke, but by creating a new organisational framework which levels differences through the manner in which

it operates and develops over a period of perhaps ten or fifteen years. In this sense joint management does not have the sharpness and finality of collective farming, which extinguishes every individual right in the soil and puts all men at the same level. Nevertheless, we must prefer joint-management to collective farming, because in the former we may hope to work through and with the help of peasant owners, whereas in the latter we have to be prepared to crush peasant opposition, with all that such a step implies, before we can even begin to make the village economy efficient and progressive.

Local difficulties in allotting work units are entirely due to the inescapable fact that very often the land available is insufficient for the population dependent on it. We shall learn to deal with them in the stage of planned experiment, which should precede the change-over of all peasant villages from petty farming to joint management. In particular, we shall discover, for each representative area, under different degrees of population pressure, the extent to which new employment is to be created in the village and the manner in which adjustments of claims of different groups, among themselves as well as with reference to one another, can be most smoothly effected. We shall also discover, in a short space of time, for each region, the extent to which we should provide employment outside the village so as to be able to carry out reorganisation in the village. It is probable that in certain congested areas, if at the time of undertaking the reorganisation there is already an active movement out of the village, our work in the village will become much easier. All our difficulties are real, but none of them is insuperable. For every one of them we can find tentative solutions now,

and more satisfactory solutions will come as soon as we implement our ideas through extensive experiments, covering different sets of conditions in each province and State. These experiments will determine both the time sequence in which we may proceed in different areas and the speed as well as the strategy which we may adopt in dealing with different social and economic situations. There is good reason to be confident that before long we shall discover practical answers to all our difficulties.

In considering the allotment of work units we have assumed that the allotment should be, not to individual owner-cultivators, but to families which have owner-cultivators to work on their behalf. The number of work units to be allotted to each such family will depend, among other things, on the total area of cultivated land contributed by it to the joint farm. If this course is followed, we get a certain elasticity in the system. A family may hold one work unit but contain two or three workers. They will be able to decide among themselves which of them will go out of the village or take to work other than cultivation. For a time perhaps they will work together, so that the transition becomes easy for each of them and for the family as a whole. By a family we mean of course a household. Villagers commonly express this idea by saying that a family or a household is a group of persons who have a single 'fire-place', who have in other words a common kitchen. In Soviet collective farms, employment is given to individuals, not to families. This principle is a corollary of mechanised farming and we too will have to adopt it when our jointly managed villages pass into their second stage of development. If the principle were adopted in the first stage, it would cause social friction,



rapidly weaken the obligations of membership in a family and so intensify the problems of unemployment. It is very significant that in Soviet collective farms work is given out to individuals, but private allotments are always on a family basis. It is quite likely that if the family rather than the individual is taken as the basis for the allotment of work units, for large tracts taken as a whole, almost every peasant owner's family, which has men to work on its behalf, will be provided with work.

As employment in lines other than cultivation expands, under the influence of economic incentives, there will be a constant tendency for each family to spread out its available workers. Thus there will be a number of factors which will operate in determining the selection of workers for different jobs. In the allotment of work units to families of owner-cultivators we shall act on a somewhat arbitrary, but socially justified, principle of preference. Economic incentives will determine the movement of workers out of each family into different occupations within as well as outside the village. In all kinds of wage-work in enterprises conducted jointly on behalf of the village, the principle of efficiency will operate. The controlling body in the village will contain, as we have already indicated, not peasant owners alone but all sections of the population of the village. Whether the general body, which will elect executive committees for different purposes, should comprise all adults, or all male adults, or should consist of the representatives of all *families* which belong to the village, is a point which each village community can determine for itself. It is probable that the best results will be secured by making the family the unit for representation in the controlling body of

the village, and it is upon this assumption that we have proceeded.

For every purpose, the joint organisation of each peasant village will be our primary social instrument, both on behalf of the village and on behalf of the State. In creating fresh work in the village, for instance, the joint organisation will be the agency through which the State will carry out its policies. At the same time the joint organisation will carry its own special responsibilities and obligations in setting up new forms of work and service which will provide additional employment in the village. It will be incumbent upon the planning authority as well as upon the joint organisation, through which it will act in each village, to provide machinery for training workers and guiding them into different occupations. Where rural workers have to move into towns, it is necessary to give them security during the period of transition and to make sure that they do not become victims of blind forces which they are themselves unable to understand.

#### CATTLE UNDER JOINT MANAGEMENT

The maintenance of cattle under a system of joint management was a topic which frequently arose in discussion in villages when the ideas set out in this chapter were still being worked out. The subject has obvious importance for any rural community. For a considerable length of time bullocks and camels must continue to be the main source of traction in agricultural operations and it may be that a considerable part of our agricultural machinery will be adapted to their use. Villagers are also very much concerned with the question of maintaining milch animals in a reorganised economy.

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Should plough animals and milch cattle be maintained on an individual or a collective basis? On this point, among those familiar with rural life, there can be no two opinions. Collective maintenance of *all* the cattle of a village is certain to be a wasteful failure. Cattle are best cared for when they are the property of individuals and can be a source of pride and profit to them.

Individual owners, however, cannot maintain cattle satisfactorily or take keen interest in developing good breeds unless three conditions are fulfilled. In the first place, they should be able to provide nutrition in adequate quantity. Every one concerned with rural problems knows how poorly cattle are at present fed in India, and how difficult it is in the existing economy to introduce better systems of nutrition for them. The second condition is that suitable veterinary aid should be readily available in each village. Although some progress has been made in this direction, very much more remains to be done. It is well known that charms and superstitions constitute even to-day a large part of the villager's treatment for cattle diseases. The third condition is that owners of cattle should be able to effect replacements without getting into debt.

Two of these conditions can be met without much difficulty when a village accepts joint management. It will be simple to provide veterinary facilities in every jointly managed village, because part of the cost can be borne by the joint organisation. The main difficulty will be one of personnel, not of finance. In the second place, in a jointly managed village, individual owners of cattle can be assisted in replacing animals by way of subsidy or loan. Given proper care of animals, and an economy in which farmers do not live constantly on the very margin of subsistence, it is possible for the

State to institute cheap cattle insurance schemes. Such schemes cannot be organised successfully among petty peasant farmers, who are never in a position to adjust income and expenditure or to make voluntary contributions of any kind at regular intervals.

Adequate fodder arrangements\* are possible only when fodder crops are given their proper place in the crop plan followed by every farm and every village. In a jointly managed village, there will be suitable provision for green fodders, dry fodders and for fodder storage, which may be both on an individual and on a collective basis. The means and the knowledge for providing the appropriate concentrates will also be available to every cattle-owner. Fodder crops will form part of the crop plan not merely of the whole village but also of each work unit. Broadly, in the first stage of our reorganised economy, before mechanisation comes into the picture, the produce of the fodder area of each work unit may be held to consist of three parts—one part for the cultivator's plough cattle, one for his milch animals, and one to be at the disposal of the joint organisation of the village.

This arrangement will suit those cultivators who hold work units, whether they happen to be owners or non-owners. The joint organisation may maintain some plough animals for work, say, on the village garden or in the vegetable farm or for seasons of heavy pressure. It may also maintain some milch animals for supplementing the supplies of milk which reach the village dairy and are offered for sale in the village or outside the village. Non-cultivators will not need to keep plough cattle, but provision for fodder required by milch animals or for the supply of milk is necessary for two categories of persons in the village:

- (1) non-cultivating peasant owners who reside in the village or keep their families there ;
- (2) workers in the village who are not owners of land and are engaged in occupations other than cultivation.

At present those who belong to the second group have only a small proportion of cattle in a village. They get fodder for their animals from cultivators (owners and non-owners) mainly in return for seasonal field work or personal service of one kind or another. Often they rent small bits of land, which they cultivate with hired or borrowed cattle with the object of getting some fodder for their milch animals. The first source will tend to diminish under joint management, and the second will disappear altogether. In fact, much the best thing that non-cultivating workers in a village can do is to get their milk from the village dairy, but if they wish to maintain their own milch animals, they may buy dry fodder from the village depot which the joint organisation will maintain, and obtain green fodder from cultivators by private arrangement.

Non-cultivating owners are in a different position. They will be in receipt of an ownership dividend, but there must also be some provision for fodder for their milch animals. Rents in kind which are realised in the present economy include a share in grain as well as fodder. Provision for fodder is necessary because the village is often the place where families continue to reside even though some or all of their working members may be employed elsewhere. A tentative solution suggested by some peasants in a Jullundur village is that non-cultivating owners who have milch animals and need fodder should receive the share of fodder

ear-marked in some of the work units for the joint organisation. If a non-cultivating owner has contributed an area of cultivated land to the village farm exceeding the area of one work unit, he may be allowed one-third of the fodder of one work unit. Similarly, if the area contributed exceeds half a unit but is less than one unit, the share of fodder allowed will be one-sixth. The work units whose fodder to the extent of one-third will belong to particular owners may be specified in advance. The assignment may take place by drawing lots or in any other manner preferred by a village. Whatever the area contributed by a non-cultivating owner, fodder need not be allotted in more than one unit. To provide for the claims of non-cultivating owners who do not keep milch cattle, and therefore do not require fodder, it will be possible to work out a method for crediting them with the price of the fodder which is due to them, but is taken up by the joint organisation. Similarly, owners who contribute less than half a work unit to the farm may be credited with the price of the fodder which is due to them. All residents of the village who have no fodder of their own or need more than their due share will be able to buy fodder practically at cost price at the farm's fodder depot. If the farm has surplus stocks of fodder over and above those required for its own use and those sold in the village, it may offer them for sale in the nearest town.

These fodder arrangements will not perhaps appear to be altogether satisfactory, but better solutions will no doubt be reached by villagers when they begin to work the system of joint management. The important point is that when land and labour in a village are properly utilised, and its fodder economy is placed on



a sound footing, the problem of overstocking and worthless cattle, for which there can be no solution so long as peasant farming continues on existing lines, will now begin to solve itself. Overstocking arises from the fact that there are too many small cultivators with uneconomic holdings, for which they maintain one or more plough animals. Apart from the religious sentiment in favour of preserving cattle which may be past service, a large proportion of working animals, like their owners, live precarious lives. Rationalisation of agriculture will bring about a reduction in the number of plough animals, and will lead to rapid improvement in their quality. Similarly, there will be marked improvement in the feeding of milch animals and in milk yields, because the village dairy will offer a profitable local market for milk. The State will also be able to provide valuable help in improving breeds, a task which a joint village organisation can undertake with several distinct advantages on its side.

#### SOME FURTHER QUESTIONS

Besides the problem of cattle under a system of joint management, there are two other questions which come readily to the villager's mind. A peasant owner may be in employment outside the village when joint management is introduced and work units are allotted. How will he be provided for if he returns to the village, say, after a period of two years and, as he is entitled to a work unit, asks for one to be allotted to him? To meet such contingencies, it will be useful for a jointly managed village to keep a few work units in hand under its own direct operation.

The second question relates to the period for which

work units will be allotted. This is a matter which each village can decide for itself. The common view in villages seems to be in favour of a five-year 'lease'. It is generally considered that in five years a cultivator can reap the benefit of his labour, and more especially of the manures which he puts into the land entrusted to him for purposes of cultivation.

It may be asked, what will happen at the end of the first five-year period? A working village community, which is reorganised on the principles of joint management, is bound to be a society in a state of rapid change. The changes will cover every aspect of life, whether intellectual, technical, economic or social, and will affect the outlook and opportunities of individuals no less than the character of the society itself. On all sides, new relationships, new ways of thought and new demands will arise. There will also appear new and practical solutions for problems of which we can now foresee only a few. When the village community has functioned for some length of time in its new framework, we shall be able to see more clearly into its future. Our immediate task is to concentrate on *the first step* which is, in the nature of things, the most difficult to take. It is enough if we can find a way here and now to overcome the present resistances and so enable our peasant society to make a fresh start in its historical evolution.

It is, nevertheless, possible to indicate some of the developments which are likely to take place when villages begin to function successfully on the basis of joint management. We start with work units and a preference for peasant owners. We shall soon find ourselves moving towards a system of cooperative production, which will be increasingly efficient, and

will extend to cultivation as well as other forms of work. The ownership dividend, which is based at first on current rentals, will eventually take the form of a share in profits. In each type of work, wages will be equal, irrespective of whether the workers are owners or non-owners. When mechanised techniques are adopted, work will be allotted to individuals and not to families. Finally, the structure of the peasant village will tend to become more and more integrated. This implies two things. In the first place, the village will increasingly function as an economic unit in agriculture and also in certain industrial processes. Secondly, the present division of the village community into more or less fixed groups with varying functions and social rights will be gradually modified and may largely disappear. Each tract, each tribe, and each village will react to the change from petty farming to joint management according to its own special characteristics. Instead of uniformity in development, we have every reason to expect a rich diversity and a dynamic process of social change, in which communities of workers will themselves discover answers to their own specific problems.

## CHAPTER V

### REORGANISATION AND AGRICULTURAL EMPLOYMENT

#### LABOUR SURPLUS

THE FIRST reaction to any proposal for the rationalisation of agriculture in India, even on the basis of the existing technique, is that a very large number of workers will be displaced, and we may be faced with an almost impossible problem. It is necessary, therefore, to attempt an estimate of the labour 'surplus' which is likely to arise in each province, if the rural economy is reorganised on the principles worked out in the preceding chapters. Uneconomic holdings and the constant struggle of millions in villages to eke out somehow the means of their subsistence are evidence that, taking India as a whole, the land is carrying too great a burden. If we can determine how far this load exceeds, under given assumptions, the present capacity of our rural economy, we can form some idea of the extent to which new forms of work and service must be created through the planned development of our resources in agriculture, industry, commerce, transport and other services. In other words, before we can plan the use of our resources effectively, we must have some idea of the magnitude of the fundamental problem which we have to face.

For each province, we have to work out two sets of figures, namely, the estimated number of workers for whom a reorganised system of agriculture can be expected to provide employment on the assumption that the present technique continues, and the estimated number of workers for whom employment must be

found, whether within their villages or elsewhere. As will be readily understood, estimates of this character are not to be found in blue books. In using such data as we can bring together, the limitations and assumptions of our estimates should, therefore, be kept in view.

#### ESTIMATING PROBABLE AGRICULTURAL EMPLOYMENT

In estimating the number of workers for whom agricultural employment will be available, the central concept used by us is the 'work unit'. The work unit has been defined as the area of cultivated land which is sufficient, in given conditions, to absorb the labour of a man and a family of average size. In areas in which there is intensive rice cultivation, the definition may be followed as it stands. In general, however, a work unit may be identified with a 'plough-unit', that is to say, an area of cultivated land which, in given conditions, a plough or a pair of animals can manage. As a work unit in intensively cultivated rice areas or where well-irrigation prevails is necessarily less than a plough unit, we shall be on the safe side in taking the plough unit in every province as the average work unit for the purpose of calculation. The area represented by a plough unit is clearly understood in each locality by cultivators as well as by those concerned with agriculture or district administration, but it varies with soil, rainfall, irrigation and the degree of intensity in cultivation. When the time for carrying out the complete reorganisation of Indian agriculture arrives, we shall naturally follow for each district and tract the local estimate of what a plough unit or a work unit should be. In making preliminary estimates for provinces, however, it will be sufficient to proceed on

the basis of a single figure for the plough unit in each province.

For each province, we take the total of 'net area actually sown' in 1940-41, and the 'current fallows' in the same year as the total 'cultivated area'. The total number of work animals is obtained by adding the figures given under the categories 'cattle' and 'buffaloes' for working bullocks (defined as bullocks and uncastrated males over three years kept for work only) and for 'cows over three years used for work only'. We have also to add the number of camels maintained in a province, where these are in use, but as one camel does the work of two plough animals, we take a camel to represent two work animals.\* If we divide the total cultivated area in a province by the number of work animals available, we get the 'cultivated area per work animal'. Twice this figure gives us the average cultivated area per pair of plough animals. This is checked against the average cultivated area per plough (figures for ploughs being separately available for each province), and on a consideration of the two sets of figures, we assume a certain area of cultivated land in each province to be its average work unit.

When we know the total cultivated area in a province and the average size of the work unit, we can find out the number of work units likely to be available. To arrive at the area available for 'ordinary cultivation', which is the area available for allotment as work units or other equivalent employment, a small deduction is necessary in certain provinces.†

\* *Agricultural Statistics of India* (1937-38); *British India, Agricultural Statistics* (1940-41), (Provisional), and *India, Livestock Statistics* (1935 and 1940).

† Areas under plantation such as tea, coffee and rubber, and under cinchona, coconut, *ganja* and *pan-vine*, which are special crops,

Given the number of work units available, we have now to estimate the total agricultural employment which is likely to arise. By 'agricultural employment' we mean employment in cultivation, including cultivation of fruit crops and vegetables.\*

Under our existing technique we have two categories of regular agricultural workers, namely, cultivators (whether owners or tenants) and those who are engaged by cultivators and by non-cultivating landlords for the season or the year as full-time labourers. If we have an area of 100 acres, divided into 10 work units of 10 acres each, then the number of cultivators will be at least 10. As work units are to be allotted to families and not to individuals, and some families will have more than one worker available, the number of cultivators employed in 10 units may well exceed 10, but we need not make this assumption. As regards the number of regular hired labourers likely to be required for agricultural work, so long as the existing techniques remain, we may assume that for every 10 work units, 5 workers of this description will be required. Thus, the total agricultural employment available on 10 work

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should be excluded, because they are shown separately in the census occupational tables, from which we have to make our estimate of the number of workers for whom employment is to be found. In the estimates which follow we have been able to exclude only the areas under tea, coffee and coconut, because we do not have information for areas under other crops. The employment under 'market gardeners, flower and fruit growers' is shown separately in the census returns, but for our purpose fruit gardening is part of 'ordinary cultivation'. The error involved on account of the individual deductions, which we cannot make because information is lacking, is negligible. In practice, therefore, we take total cultivated area less area under tea, coffee and coconut as the area available for 'ordinary cultivation' on the basis of which the number of work units is to be calculated.

\* It will be recalled that the allotment of work on the fruit or vegetable farm of a jointly managed village will be on a different basis from that followed in the cultivation of ordinary crops.

units may be taken to be 15. This is on the whole a conservative estimate of the number of full-time workers likely to be employed when joint management is introduced.\* The estimate is not affected by the fact that areas outside the non-peasant villages will not pass into joint management. The demand for casual and harvest labour will be in addition to the demand calculated above. In practice the number of full-time workers likely to be required on every 10 work units will probably be somewhere between 15 and 20.

#### ESTIMATING NUMBER OF POTENTIAL WORKERS

For estimating the total number of workers for whom work has to be found, we have to rely in the main on occupational data collected at the decennial censuses. At the census of 1931, a list of 195 occupational groups was drawn up. These were divided into four main classes: (A) Production of Raw Materials, (B) Preparation and Supply of Material Substances, (C) Public Administration and Liberal Arts, and (D) Miscellaneous. Class A, with which alone we are here concerned, included two sub-classes, (I) Exploitation of Animals and Vegetation and (II) Exploitation of Minerals. The former category comprised two 'orders', (1) Pasture and Agriculture, and (2) Fishing and Hunting. Under 'Pasture and Agriculture' occupations were further classified into five 'sub-orders', namely, (a) Cultivation, (b) Cultivation of Special Crops, Fruit etc., (c) Forestry, (d) Stock-raising

\* In Eastern Europe, where conditions resemble to some extent those we know on India, the labour requirements of farming systems based mainly in corn crops with some live-stock farming, but without any intensive dairying, amount to about 30 farm workers per 100 hectares, i.e., 12 per 100 acres of farm land. Warriner: *Economics of Peasant Farming* (1939), p. 68.



and (e) Raising of Small Animals and Insects. 'Rural employment' would include all these categories, and also more than forty occupational groups outside class A, which are distributed in varying proportions between urban and rural areas. In this study we are limiting the words 'agricultural employment' to those occupations which are likely to be affected directly by reorganisation in the rural economy on the lines described in the earlier chapters. For reasons which have already been explained, in determining employment on the basis of area available for allotment as work units, we shall exclude employment under sub-order (b), that is, cultivation of special crops, and only consider employment under sub-order (a), namely, cultivation. About 94 per cent of the total employment in the order 'Pasture and Agriculture' is classified as cultivation and less than 2 per cent as 'cultivation of special crops'.

The sub-order (a), Cultivation, is divided into the following occupational groups :

- (i) Non-cultivating proprietors taking rent in money or kind ;
- (ii) Estate agents and managers of owners ;
- (iii) Estate agents and managers of Government ;
- (iv) Rent collectors, clerks etc. ;
- (v) Cultivating owners ;
- (vi) Tenant cultivators ;
- (vii) Agricultural labourers ;
- (viii) Cultivators of 'shifting areas'.

In allotting work units, we are concerned only with cultivators and agricultural labourers, that is to say, with groups (v) to (viii) in the above classification. Groups (i) to (iv) contain non-cultivators, and the first of these includes only those who are rent-receivers.

Those who follow any of the occupations enumerated at the census are classified as follows :

<i>As principal occupation</i>		<i>As working dependents</i>		<i>As subsidiary to other occupation</i>	
<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>

Before we can estimate the number of persons for whom work must be found, we have to be clear as to the categories which are relevant to 'agricultural employment' in a reorganised rural economy. The first point for consideration is whether women should or should not be included in our calculation. Even though the census of 1931 showed cultivation as the principal occupation for nearly 7 million women and agricultural labour as the principal occupation for more than 9 million women, in point of fact women in India do not 'cultivate', in the sense of tilling the land, nor do they work as full-time hired agricultural labourers. They assist men in several operations in cultivation and also work as casual or seasonal labourers on their own. They do not need to be considered separately when we are concerned with agricultural employment in terms of work units. They will be able to take part in agricultural operations in the same way as they are doing at present, because the work unit conception itself follows from the premiss that decentralised family labour is fundamental to our rural economy so long as the existing technique is retained. Accordingly, for the problem which we have in hand, we can confine ourselves to male workers only.

The next point for consideration is whether male working dependents and men for whom cultivation and agricultural labour are subsidiary occupations should or should not be included. At the census of 1931, the figures for British India (excluding Burma) were as follows :

	<i>Working dependents (male)</i>	<i>As subsidiary occupation (male)</i>
Cultivating Owners	434,495	726,000
Tenant Cultivators	966,960	1,273,832
Cultivators—		
Shifting areas ..	13,720	5,331
Agricultural		
Labourers ..	1,195,005	1,227,752
	<hr/> 2,610,180	<hr/> 3,232,915

Those who are shown in the 'subsidiary' column against any occupation are also shown in the 'principal' column, or possibly as working dependents, against some other occupation. If we include all men who are shown as following cultivation or agricultural labour as subsidiary occupations, there is much risk of double-counting. On the other hand, a proportion of these must be genuine cases and a reorganised agricultural economy has to provide for them. We have, however, no means of knowing what this proportion will be. Similarly, we have no means of knowing from census returns the proportion of male working dependents which is represented by adults, and the proportion represented by those below 18 years or above 60 years or so, to whom in the ordinary course work units will not be allotted. As the figures under the two columns are fairly balanced, we shall be on the safe side if we include all male working dependents in our figure for potential workers and exclude from it all those who are only engaged in cultivation and agricultural labour as subsidiary occupations.

Occupational data obtained at the census of 1941

were not tabulated and published, so that we have to fall back on the census of 1931 and check the results with those obtained at the census of 1921. There is some difficulty in making an estimate of the number of workers likely to be available for employment according to the census of 1941. After carefully examining a number of possible methods, we consider the following course to be the most suitable. Let us suppose that, in 1931, 400 workers out of a male rural population of 1,000 were employed in agriculture. If the male rural population in 1941 is 1,200, then, assuming a constant ratio between total male rural population\* and the number of potential workers, the number of men for whom work must be found will be 480. On the assumption which we have made, there is an increase of 80 in the number of workers who are likely to require employment. Now, in the light of actual experience, we cannot assume that all of them will leave their homes for work in towns, nor that they will all have to be absorbed in villages. The truth will lie somewhere between these two extremes. For the purpose of calculation, it may be assumed that half the increase in the number of potential workers between 1931 and 1941 is absorbed in urban areas, and half met by the rural economy. Thus, the number of workers for whom we shall need employment, according to the census of 1941, will be taken to be 440.

By following the procedure outlined above in some detail we shall be able to determine for each province in British India (1) the number of men for whom agricultural employment is *certain* to be available when agriculture is reorganised, and (2) the number of *potential* workers for whom employment has to be found. We have not taken into consideration other forms of rural occupation, because employment in these will not be *directly* affected

by joint management. As reorganisation proceeds, artisans will be affected no less than cultivators or labourers, but as has been explained in the last chapter, in a developing economy we have reason to anticipate an increase in all forms of rural employment other than cultivation.

The various provinces may now be considered in the following order: (1) Madras, (2) Bombay, (3) Sind, (4) Bengal, (5) United Provinces, (6) Punjab, (7) Central Provinces and Berar, (8) Bihar, (9) Orissa, (10) Assam, (11) North-West Frontier Province, (12) Ajmer-Merwara, (13) Coorg, and (14) Delhi. Baluchistan, which has only a population of 501,631 (1941) has to be omitted because information about its cultivated area is not available. We have more or less reliable data for a proportion of Indian States, but there are large gaps. Although the principles outlined in this study are valid for States no less than for provinces, it will be sufficient for our purpose to limit statistical estimates to British India. The implications of our data and the practical working of our methods of calculation may first be explained in detail with reference to one province.

#### MADRAS

The number of workers in Madras Presidency in 1921 and in 1931 is given by the following table:

#### Number of Agricultural Workers, 1921

	<i>Actual workers (male)</i>	
Cultivators—owners ..	3,697,287	
Cultivators—tenants ..	2,077,431	
Farm servants ..	958,236	
Field labourers ..	1,349,762	
TOTAL ..	8,082,716	

Number of Agricultural Workers, 1931

	<i>Principal occupation (male)</i>	<i>Working dependents (male)</i>	<i>Total</i>
Cultivators—owners ..	3,928,480	68,244	3,996,724
Cultivators—tenants ..	1,184,147	44,682	1,228,829
Cultivators—shifting areas ..	2,218,605	297,893	2,516,498
Agricultural labourers ..	42,261	6,117	48,378
	<hr/> 7,373,493	<hr/> 416,936	<hr/> 7,790,429

It will be observed that different classifications were adopted in 1921 and 1931, but the two sets of figures are sufficiently close to one another to permit us to take 1931 as the base for an estimate of the number of potential workers in 1941. Between 1931 and 1941, the male rural population increased from 19,903,278 to 20,610,677. If we make the assumption, already explained, that the proportion between the male rural population and the number of agricultural workers in 1931 (39.1 per cent) remained constant, the number of workers in 1941 works out at 8,058,775. The increase between 1931 and 1941 is 268,346. We have assumed for purposes of calculation that one half of this increase is absorbed in non-agricultural occupations. The number of potential workers in 1941 will, therefore, be 7,924,602. This is the kind of figure which we have to consider from the point of view of agricultural reorganisation.

On the other side of our balance sheet we have to set the amount of employment which agriculture could offer if it were reorganised through the medium of work units. The relevant statistics of cultivated area and work animals in Madras are as follows:

<i>Area (1940-41)</i> (acres)		<i>Work Animals (1940)</i>	
Net area actually sown ..	31,979,126	Cattle—Working bullocks	5,709,157
Current fallow ..	9,299,255	„ —Cows used for work only ..	502,222
Total cultivated area	41,278,381	Buffaloes—Working bullocks ..	958,389
		„ —Cows used for work only ..	65,027
Deduct for special crops :		Camels (37 x 2) ..	74
Coconut	598,427		
Tea	78,796		
Coffee	56,566		
			7,234,869
	733,789		
<i>Area available for allotment as work units</i>		<i>Ploughs (1940)</i>	
	40,544,592	Wooden ploughs ..	4,167,946
		Iron ploughs ..	57,060
			4,225,006

The cultivated area per work animal is 5.7 acres. For two work animals the area is 11.4 acres. The cultivated area per plough is 9.8 acres. Keeping these figures in view, the average plough unit in Madras, taking the province as a whole, may be assumed to be 10 acres. On this assumption, the area available for allotment in work units will be equivalent to 4,054,459 work units. On the basis that two work units will engage three full-time workers, total agricultural employment on this area, therefore, amounts to 6,081,689. Thus, under the existing technique, the number of rural workers for whom employment should be found will exceed the number for whom agricultural employment will certainly be available by 1,842,913.

The figure of 1.8 million male workers may be taken to be the labour surplus which will arise if agriculture is

reorganised. Assuming the accuracy of census enumeration and classification, there are three general grounds for considering this figure to be on the whole a liberal estimate. In the first place, the average work unit which we have taken at 10 acres may be a little on the high side, as it does not take account of the fact that, in intensively cultivated rice areas, the work unit will be substantially smaller than the local plough unit. Secondly, it is possible that a number of men who do not till the land themselves or work in the fields may have returned themselves at the census as 'cultivators'. We cannot, however, say how large this number is, and what difference it will make to our final figure. In the third place, in Indian conditions, 15 men per 100 acres is a fairly conservative estimate of the total agricultural employment which land can offer. In this estimate we have taken no account of the fact that a proportion of the surplus can be easily absorbed in developments on a commercial scale in fruit gardening, vegetable farming, sale of milk and eggs, manufacture on a co-operative basis of ghee etc., which are all possible in most villages and do not require complicated organisation or investment beyond the means of provincial governments.

Madras has 35,430 villages with an average population of 1,171 per village. If agriculture were reorganised, the average number of male workers for whom other forms of work or service must be found, whether in villages or in urban areas, would be on an average about 52 per village. If, by way of experiment, reorganisation were undertaken in 8 villages in each of the 24 rural districts of Madras, the number of persons for whom we must be prepared to find work, other than employment as cultivators or agricultural labourers, will not exceed 9,984.



Instead of repeating these calculations separately for each province, it may be sufficient to explain the position briefly with the help of some leading statistics. Further statistics are provided in the Appendix.

## BOMBAY

The number of workers in agricultural employment in Bombay (excluding Sind) rose from 2,659,980 in 1921 to 2,916,721 in 1931. The estimated number of workers for 1941 is 3,092,718. Conditions vary considerably in Gujarat, Deccan and the west coast districts, and any *average* work unit which we may assume for Bombay will not be a *normal* work unit for the majority of districts. This will be clear from the following table which shows the average cultivated area per pair of work animals in each rural district of Bombay Presidency :

		<i>Cultivated area per pair of work animals (acres)</i>
<i>Northern Division</i>		
Ahmedabad	..	27.2
Broach & Panch Mahals	..	12.4
Kaira	..	14.2
Surat	..	12.4
Thana	..	10.2
<i>Central Division</i>		
Ahmednagar	..	21.4
East Khandesh	..	17.0
West Khandesh	..	17.6
Nasik	..	17.8
Poona	..	19.2
Satara	..	21.0
Sholapur	..	28.2
<i>Southern Division</i>		
Belgaum	..	22.6
Bijapur	..	40.0
Dharwar	..	23.6
Kanara	..	6.4
Kolaba	..	10.8
Ratnagiri	..	12.0

For the province as a whole the following figures are relevant :

<i>Cultivated area (acres)</i>		<i>Number of work animals</i>		<i>Cultivated area per pair of work animals</i>	
1937-38	1940-41	1934-35	1940	1937-38	1940-41
33,746,810	33,736,910	3,642,412	3,290,130	18.5	20.5

We can choose either 19 or 21 acres as the average work unit for the purpose of estimating the labour surplus which will arise if the rural economy is reorganised on the basis of joint management. But as the detailed district statistics which have been given above relate to 1937-38, it is advisable to adopt as the average work unit the provincial figure for the same year (which incidentally falls near about the median of the district figures) rather than the unconfirmed 1940-41 average. On this assumption the total agricultural employment works out at 2,663,441, so that there will be a labour surplus amounting to 429,277, or 20 men per village. If 8 villages are selected on an experimental basis in each of the 19 rural districts of Bombay, we should have to find new work for 3,040 men.

#### SIND

Thanks to new irrigation, so far as pressure on land is concerned, Sind is in a better position than almost every other province in India. The number of agricultural workers in Sind rose from 582,131 in 1921 to 647,749 in 1931. The estimated number of potential workers for 1941 is 687,819. Sind cultivation is still somewhat extensive, and the cultivated area per work animal is 12 acres. The average work unit may be assumed to be 20 acres. On this basis, agricultural employment would be available for 771,143 workers. Sind needs more workers than it has.

## BENGAL

Bengal, like Bihar and the United Provinces has long been known to be an overcrowded province. In estimating its labour surplus, we have to go back to the census of 1921, because in 1931 the census authorities somehow failed to give figures for working dependents in respect of cultivating owners and tenant cultivators. Consequently the number of male workers engaged in cultivation and agricultural labour is reduced from 9,827,312 in 1921 to 8,072,912 in 1931. If 1931 figures are accepted, obviously our conclusions will be open to serious doubt. By assuming for 1941 the same proportion between the number of male workers and the male rural population as in 1921 (44.3 per cent), and following the procedure already explained, we get the figure of 11,111,808, as being the number of workers for whom employment will be necessary.

The average cultivated area per work animal in Bengal is 3.3 acres and per plough 6.9 acres. The average work unit may, therefore, be assumed to be 7 acres. On this basis, the total agricultural employment, of which we can be certain on our assumptions, will be 6,396,531. The surplus will, therefore, be 4,715,277 male workers. Spread over Bengal's 84,213 villages which have an average population of 646, this figure comes to 56 per village. During a period of experiment, at 8 villages per district, it would be necessary for us to find new work for 12,544, or say, at the most, 13,000 men.

## THE UNITED PROVINCES

In the United Provinces, land carries a very heavy burden. The number of male workers was 11,646,024

in 1921 and 11,737,032 in 1931. According to census returns, male workers constituted 55.1 per cent of the male rural population in 1921 and 52.3 per cent in 1931. These are the highest recorded proportions in any part of India, and it is quite possible that a certain proportion of those who do not actually work on the soil have been put down as 'ordinary cultivators' in 1921 and as cultivating owners and tenant cultivators in 1931. The figures for 1921 and 1931 are, however, sufficiently consistent to permit us to make an estimate for 1941. According to the method already explained, the number of potential workers in 1941 amounts to 12,421,080, that is to say, there is an excess of 684,048 over the number recorded for 1931. This may be accepted, although we should note here that census data for 1921 and 1931 seem to suggest that in the United Provinces, as in Bengal and Bihar, agricultural employment has perhaps reached a 'saturation point', and the number of cultivators and agricultural labourers whom the land can bear has become more or less stationary. If this inference is correct, then it will be readily appreciated that the situation can deteriorate rapidly even on account of relatively small maladjustments.

The cultivated area per plough in the United Provinces works out at 7.5 acres, and per pair of work animals at 7.2 acres. If the average work unit is assumed to be 8 acres, the total agricultural employment, of which we may be certain, is 7,275,417, so that there will be a surplus of 5,145,663 male workers, for whom other work must be found. If, as in Bengal, the work unit is taken to be 7 acres, the surplus of male workers for 1941 amounts to 4,106,319. Assuming the general accuracy of census enumeration, we may say that the true situation in the United Provinces can hardly be better than

this. With a work unit of 7 acres, in an average village which has a population of 470, the surplus will be 40. If reorganisation were carried out, by way of experiment, in 8 villages in each of the 48 districts of the United Provinces, we should have to be prepared to find new work for 15,360 men.

#### PUNJAB

Three factors have operated to keep down the pressure of population in the Punjab—extension of cultivation through new irrigation, employment in the army, and a readiness on the part of several sections of the population to seek their fortunes in other provinces and, so far as possible, in foreign countries. The proportion between agricultural workers and the male rural population was 33.5 per cent in 1921 and 35.5 per cent in 1931. These figures were about the lowest for any province in India. The number of male workers increased from 3,351,275 in 1921 to 3,930,594 in 1931. The estimated number for 1941 is 4,246,582. The cultivated area per plough is 12.3 acres, and per pair of work animals 11.8 acres. The average work unit may, therefore, be assumed to be 12 acres. In the canal colonies, the actual work unit is  $12\frac{1}{2}$  acres; in areas like Jullundur, in which well-irrigation is common, a pair of bullocks can seldom manage more than 8 or 9 acres; in rain-fed tracts like Jhelum, the average may be about 10 acres, but in areas in the south-east which are exposed to famine, two bullocks or a camel may be good enough for about 15 to 20 acres. Thus, for the Punjab, an over-all average of 12 acres will represent a fair-sized work unit. On this basis, the total agricultural employment available is 3,903,156, which falls short of the number of potential workers by 343,426. Spread over 35,269 villages, this means a surplus of

10 men per village. Thus, in reorganising, by way of experiment, 8 villages in each of its 29 districts, the total surplus to be faced is 2,320 or, say, 2,500 male workers. The Punjab is indeed well placed for agricultural reorganisation.

In the Punjab it is also possible to carry out a large-scale experiment in *combined operations* on a regional basis which may come to possess unique significance for the rest of the country. In an area like the Nili Bar Colony considerable tracts of canal-irrigated land belong to Government. The demand for workers greatly exceeds the supply available within the colony. The people, who come from all parts of the province, are on the whole enterprising, easy to organise, and quick to accept new ideas. In an area such as this, we can carry out joint management in every peasant village and run State farms on similar principles. We may be able to carry out the electrification of the entire colony and introduce numerous industries in villages. Some of the larger industries serving the colony can be organised on the principles of broad-based investment and public management described in the next chapter. Finally, from the very start, we can combine these economic operations with equally comprehensive measures relating to education, health and other social services. The successful development of the Nili Bar, on these lines, under such favourable conditions, will not only find new employment for workers from other districts and for demobilised soldiers, but will also offer at an early date a model of the new pattern of social and economic life which we wish to produce in India.

#### CENTRAL PROVINCES AND BERAR

The number of men engaged in cultivation and agri-

cultural labour rose from 3,102,817 in 1921 to 3,423,568 in 1931. Both in 1921 and 1931 the proportion between the number of agricultural workers and the male rural population was 49.9 per cent. The number of workers in 1941 works out at 3,541,451. The Central Provinces and Berār are not, on the whole, a thickly populated area. The cultivated area per work animal is 6.1 acres, and per plough 16.8 acres. We may assume the average work unit to be 12 acres, which is possibly a little higher than the actual average. On this assumption, there will be 2,356,286 work units, employing not less than 3,534,429 agricultural workers. The surplus of 7,022, which may arise from reorganisation, will not constitute a difficult problem, as it will be spread over no less than 38,985 villages.

#### BIHAR

Bihar and Orissa together formed a single province until 1936, when Orissa Division and certain tracts from the Madras Presidency and the Central Provinces were constituted into a new province. The 1931 census data for Bihar can be obtained by deducting figures for Orissa Division from the Bihar and Orissa totals. As similar information about the population of certain areas withdrawn from Madras and the Central Provinces is not available, we have no means of estimating the population of Orissa in 1931.

The male rural population of Bihar rose from 15,438,974 in 1931 to 17,154,598 in 1941. Assuming a constant proportion between the number of agricultural workers and the male rural population (46.5 per cent), the number of workers in 1941 works out at 7,976,888, compared to 7,180,644 in 1931. As in other provinces, we may assume that half the increase is absorbed in

non-agricultural occupations, so that the number of potential workers in 1941 may be taken to be 7,578,766. In Bihar, the average cultivated area per work animal is 3.8 acres, and per plough 9.1 acres. If the average work unit is assumed to be 8 acres, the total agricultural employment will be 4,643,662, so that reorganisation will lead to a surplus of 2,935,104 male workers. Spread over 68,869 villages with an average population of 499, this amounts to a surplus of 43 per village. If, in the experimental stage, 8 villages were selected for reorganisation in each of the 16 districts in Bihar, the number of men for whom we should have to find new work would be 5,504.

#### ORISSA

In 1941, the total population of Orissa, as at present constituted, was 8,728,544, and the male rural population 4,049,710. As corresponding figures for 1931 are not available, we may assume that the proportion between the male rural population and the final estimate of the number of potential workers in the entire province is the same as in 1931 in the Orissa Division (47.6 per cent), which accounts for about two-thirds of the provincial population. The number of workers for whom employment has to be found will, therefore, be 1,927,662. In Orissa the cultivated area per work animal is 4.4 acres, and per plough 8.9 acres. In the light of these figures, we should not be justified in assuming the average work unit to be less than 8 acres. The cultivated area in Orissa, available for ordinary cultivation, is 8,184,519 acres, so that the total agricultural employment will be 1,528,923. In other words, the surplus for this province will be 398,739. As this is spread over 26,653 villages, which have an average population of 315, the average surplus per village



will be 15. If 8 villages were taken up at first in each of the 6 districts of Orissa, the total surplus we should have to reckon with would be 720.

#### ASSAM

The number of agricultural workers in Assam rose from 1,697,546 in 1921 to 1,926,801 in 1931. Altogether 115,567 men were recorded in 1931 as cultivators of 'shifting areas' which are characteristic of certain backward tribes. The male rural population in 1941 was 5,207,488, compared to 4,401,886 in 1931. Assuming that the proportion in 1931 between the number of agricultural workers and the male rural population (43.8 per cent) also held good in 1941, and half the increase in the intervening period was taken up by agriculture, the number of male workers for whom we should have to find work would be 2,103,841. In Assam the cultivated area per work animal is 3.9 acres, and per plough 6.5 acres. The average work unit may be taken to be either 7 or 8 acres. If we were to accept the latter figure for our calculation, the total agricultural employment would be 1,590,644, that is to say, there would be 513,197 men for whom we should have to find work in non-agricultural occupations. Spread over 33,560 villages, this would work out at an average surplus of 15 per village.

Conditions over a fairly large part of Assam are not suitable for joint management in the sense in which the term can be applied generally in other provinces. As has been explained in the preceding chapter, physical environment is one of the major factors in determining the *level* of organisation which can be achieved in given conditions. Out of a total area of 35.5 million acres,

less than 9 million acres are cultivated. Much of the cultivated area of Assam, like that of Kangra district in the Punjab, lies on hill slopes and in valleys. If the present technique is to continue, joint management requires that the land should be divided into suitable work units; alternatively, it should, be possible, to work the entire area of a village collectively with the help of modern agricultural machinery. Neither of these possibilities exists to any great extent in several districts in Assam. In such areas, we have, therefore, to concentrate on the simpler forms of cooperation, on the cultivation of special crops, on the development of rural industries, so far as possible, with the help of electricity, and on such productive expenditure as the State can undertake in a peasant economy. Developments on these lines will not tend to reduce total agricultural employment. Since it is not possible to indicate in advance the proportion of the cultivated area which can be brought under joint management, we may calculate the labour surplus on the assumption that joint village management can be introduced in the form of work units over the whole of Assam. On balance this assumption is likely to give a more correct perspective than the opposite view that in Assam reorganisation will not involve a reduction in agricultural employment. The truth of course lies midway between these two assumptions.

#### NORTH-WEST FRONTIER PROVINCE

In some parts of N. W. F. P., physical conditions do not permit of the same kind of joint management as we can set up in the plains, but if we take the province as a whole conditions are not unfavourable. Perhaps a factor which will operate more strongly here than in some other pro-

vinces is the unrelenting individualism which tradition ascribes to the sturdy Pathan. Another factor which deserves to be considered is the relative infertility of land in this province. If the rural economy were reorganised on the basis of joint management, and the average work unit were assumed to be 12 acres, the total agricultural employment possible would be 342,135. This would imply that 160,305 male workers would require employment in occupations other than agriculture. There are 2,826 villages in N. W. F. P., with an average population of 880. The average 'surplus' per village will, therefore, be 57. In the six districts, which compose N. W. F. P., at 8 villages per district, the total surplus with which we would have to reckon in the experimental stage would be 2,736.

#### AJMER-MERWARA

In this province, the system of land tenures has some of the worst features of the old feudal structure of Rajputana, and it is uncertain whether a far-reaching principle like joint village management can be introduced to any considerable extent. Where cultivators do not even have hereditary occupancy rights in land, and are subject to varying degrees of feudal overlordship, means of easy transition from an inefficient economy to an economy organised on just and acceptable principles are not available. A situation of this kind is always difficult and may, in certain circumstances, become dangerous. If we assume, however, that joint management could be introduced in Ajmer-Merwara, then, with an average work unit of 15 acres, the number of potential workers (88,298) would exceed the number for whom agricultural employment is available by 26,559. Spread over 706 villages, with an average population of 524,

we should thus have a surplus of 38 men per village.

#### COORG

The number of potential workers in 1941 works out at 34,258, compared to 34,110 in 1931. The cultivated area per work animal is 6.1 acres. The cultivated area per plough is 8 acres according to the livestock returns of 1940, and 11 acres according to the returns of 1935. The former figure seems to be incorrect and may be rejected. The average work unit may be assumed to be 12 acres. On this basis, the number of male workers for whom agricultural work is available is 33,690. The surplus of 568 men, spread over 301 villages, is negligible. The fact that the greater part of Coorg is hilly will of course influence the kind of plans which may be put into operation.

#### DELHI

In the census of 1931, this province returned 40,495 male workers engaged in cultivation and agricultural labour. If the proportion for 1931 between the number of agricultural workers and the total male rural population (40 per cent) were also true for 1941, the number of potential workers would be 44,331. In a small province like Delhi, where a large and expanding town dominates the economy of the surrounding rural area, it is legitimate to suggest that all the increase in the working population of villages, and more, is being absorbed in non-agricultural occupations. In the special circumstances of Delhi, therefore, we can say that the number of workers for whom employment would be required, according to the census figures of 1941, would not exceed (and might indeed fall short of) the number returned in 1931. With an average work unit of 12 acres, 27,525

men can find work as cultivators and agricultural labourers. The surplus of 12,970 may be spread over 305 villages which have an average population of 729. The surplus per village will be 43 and, if 8 villages were taken up by way of experiment, we should have to reckon with a total surplus of 344. If allowance were made, as in other provinces, for the increase in the number of workers from 1931 to 1941, the total surplus would be 16,806, and the surplus in 8 villages would be 440.

#### BRITISH INDIA

We have now made an estimate of the surplus which is likely to arise in each province if the entire area passed into joint management and, in the first stage, cultivation was reorganised through the medium of work units. In fixing the average work unit for each province, we have made two tacit assumptions. In the first place, the work unit, which we may assume for any province or district, is related to the present quality of draught animals. When, through careful breeding and nutrition, cattle become capable of more work, the work unit would also increase. Secondly, in basing our work units on the cultivated area per plough and per pair of work animals, we have not allowed for the fact that in provinces like Bengal, Bihar, Orissa and the United Provinces, there is a surplus of cattle. How much this surplus is no one can say. It is, therefore, safer to accept the figures as they are than to try and guess at the extent to which a province has more draught animals than it needs. Our final results are summarised in the table on the following page.

In examining this table, it should be remembered that joint management is possible only in peasant villages.

If detailed information were available, we should have excluded areas held by the State or by big landlords. The average work unit, which we have assumed, is likely, however, to give a true enough picture of the amount of probable agricultural employment over the entire area that is under cultivation, whether it belongs to peasant villages or to State farms or to large private farms. Peasant villages account in any event for the bulk of the agricultural employment available. We have also disregarded the fact that in almost every province

### Summary

- Col. (1) Province.  
 „ (2) Potential agricultural workers (male) (1941).  
 „ (3) Surplus workers for whom non-agricultural work must be found.  
 „ (4) Average population per village.  
 „ (5) Surplus per village (male agricultural workers).  
 „ (6) Estimated surplus if 8 villages per district are taken up for experiment.

(1)	(2)	(3)	(4)	(5)	(6)
Madras ..	7,924,805	1,842,913	1,171	52	9,984
Bombay ..	3,092,718	429,277	719	20	3,040
Sind ..	687,819	..	553	..	..
Bengal ..	11,111,808	4,715,277	646	56	12,544
United Provinces	12,421,080	4,106,319	470	40	15,360
Punjab ..	4,246,582	343,426	682	10	2,320
C. P. & Berar	3,541,451	7,022	378	(a)	..
Bihar ..	7,578,766	2,935,104	499	43	5,504
Orissa ..	1,927,662	398,739	315	15	720
Assam ..	2,103,841	513,197	296	15	1,440
N. W. F. P.	502,440	160,305	880	57	2,736
Ajmer-Merwara	88,298	26,559	706	38	304
Coorg ..	34,244	568	523	2	..
Delhi ..	44,331	16,806	729	55	440

British India .. 55,305,656 15,495,512 .. .. 54,392  
 (a) Negligible

there are hilly areas which are not likely to come into any scheme of joint village management, at any rate in the first period of development.

It will be observed from the table that Sind is not likely to have to face a labour surplus. In the Punjab, in the Central Provinces, in Ajmer-Merwara and in Coorg, unemployment arising from reorganisation will not set a difficult problem. Delhi could, if it so wished, go ahead with reorganisation in the assurance that adequate means of employment would be available. The provinces in which the estimated surplus will cause some anxiety are Bengal, Bihar, United Provinces, Madras and, for their size, Orissa and N. W. F. P. In Madras and over a large part of the United Provinces, reorganisation is not barred by difficulties of tenure, and we have to exert ourselves mainly in finding new forms of work simultaneously with the progress of agricultural reorganisation. In Bengal, Bihar, Orissa and a part of the United Provinces, the figures showing the estimated amount of unemployment in the event of reorganisation are, at present, largely of hypothetical interest. Until the governments concerned are able to take steps to replace by a system of direct collection the rent nexus which now binds *raiyats* or hereditary tenants in subordination to those who hold superior rights, they may not be in a position to carry out any fundamental schemes for the development of the rural economy.

There are three other conclusions which emerge from the table. The first conclusion is that agricultural reorganisation in British India, on the basis of existing techniques, involves the release from cultivation and agricultural labour and diversion into new occupations of something like  $15\frac{1}{2}$  million male workers. The following table will explain the significance of this.

conclusion in relation to the rural population of each province.

(1)	(2)	(3)	(4)	(5)
Province	Rural population (1941)	Estimated surplus (male workers)	Population represented by col. (3)	Col. (4) as a per cent. age of col. (2)
Madras ..	41,476,927	1,842,913	9,583,148	23.1
Bombay ..	15,437,671	429,277	2,146,385	13.9
Hind ..	3,643,305	..	..	..
Bengal ..	51,367,749	4,715,277	23,104,857	42.5
United Provinces	48,165,349	4,106,319	16,425,276	34.1
Punjab ..	24,059,855	343,426	1,923,186	8.0
J. P. & Berar ..	14,719,817	7,022	29,492	0.2
Bihar ..	34,383,932	2,935,104	13,207,968	38.4
Orissa ..	8,407,743	398,739	1,754,452	20.9
Assam ..	9,924,111	513,197	2,412,026	24.3
N. W. F. P. ..	2,485,874	160,305	801,525	32.2
Ujmer-Merwara	369,595	26,559	111,548	30.2
Coorg ..	157,508	568	2,613	1.6
Delhi ..	222,253	16,806	84,030	37.8
British India ..	257,821,689	15,495,512	71,586,506	27.8

The proportion of the rural population for whom new means of livelihood will be required if agriculture is reorganised varies from one province to another, but for British India as a whole it amounts to about 28 per cent. It is probable that so far as the demand for employment in cultivation and agricultural labour is concerned our estimates are on the liberal side, and in practice the labour surpluses will be somewhat smaller than we anticipate in the above table. On the other hand, we have not considered the effects of technological developments in agriculture, nor is it possible at this stage to estimate the effects of agricultural reorganisation on employment in rural occupations other than cultivation and agricultural labour. The last column in the above table should not be taken



to mean that the proportions of the rural population shown there will have to be uprooted from the villages. In fact, with the development of resources through joint village management and the decentralisation of as much of our industry as may be feasible a great deal of economic adjustment will take place in rural areas. Secondly, it is not uncommon for men to leave their families in their village homes, while they themselves go out to work in towns.

The major issue in the planning of India's economy is that we have to create within the next ten or fifteen years new forms of work and service, in urban as well as rural areas, which will absorb workers who are released from villages. It will be recalled that this figure of  $15\frac{1}{2}$  million represents male workers who would otherwise carry on *somehow* in agriculture. In addition to these  $15\frac{1}{2}$  millions, we have to find employment for workers from urban areas, and for workers now engaged, to a smaller or larger extent, in rural occupations of a non-agricultural character. If we were to suggest a target for the *total new employment* which we must find in the next fifteen years, we should name a figure of the order of 21 to 22 million workers representing a population of about 99 to 103 millions, or 33 to 35 per cent of the total population of British India. This consideration should be interpreted in the light of the fact that the total employment in large-scale and small-scale industry, including village artisans, is estimated for British India (1941) at about 10 millions.

The second conclusion from the table at page 133 is that the higher the surplus figure in a province, the more urgent it is to take in hand the planning of its entire social and economic life. The surplus is a clear and unmistakable indication of how far each province stands

from the modest optimum which we have adopted as the standard according to current agricultural practice. Our intention is to move forward as soon as possible beyond the existing techniques, for the achievement of a suitable organisational framework is only the first step in a vast and developing programme.

The third conclusion which we may suggest is that, however formidable the figures of estimated labour surplus may look, provincial governments need not be deterred on this account in putting to test the idea of joint management in peasant villages. In doing so, they will discover new forms of social and economic organisation suited to their particular conditions. As has been shown, if in the first instance eight villages were taken up in each district, the problem would be entirely manageable in every province. In a later chapter we make a specific proposal to this effect.

## CHAPTER VI

### THE VILLAGE IN THE INDUSTRIAL STRUCTURE

#### THE SIGNIFICANCE OF INDUSTRY

**I**N MODERN society, large-scale industry has a significance far exceeding the measure of employment which it affords. The standard of living of the masses is to no small extent a function of the progress of industry. Without industry, no country can develop its technological potentialities, use human and material resources to the greatest advantage, or take its place in the comity of nations. Although there is no antithesis between agriculture and industry, it is industry in its myriad forms and in its indirect effects upon every other sphere of human activity, which gives us the power to raise society from the struggle for existence to that level of comfort and creative leisure, without which culture and thought and the fruits of civilisation cannot become the common possession of all citizens.

In India, the objectives of industrial planning are set, above all, by the problem of mass poverty, in particular by the poverty of our villages. We have seen the significance of rural reorganisation in any programme of planned development. In a thickly populated agricultural country, where a large proportion of the population lives on the very edge of poverty, we cannot secure the essential foundations for social and economic progress, unless we replace individualistic petty farming by a system in which the unit of agricultural production is large enough to permit the fullest use of capital, organisation, and scientific knowledge and technique. We

have seen that the structure of our peasant society points to a system of joint village management, in which the entire area of each peasant village becomes the unit of management, ownership and occupancy rights in the soil are respected, and agriculture is reorganised with a view to efficiency in the use of labour and other resources. In areas held directly by substantial landlords, we have admitted the right of property, subject to full protection for the worker and effective management in accordance with social policy. To provide the necessary incentive for such effective management, we have urged restriction of rent by legislation and the principle of graduated taxation of land, so that for each class of land the incidence varies with the area held by a landlord.

Throughout this study, we have emphasised that social control over the management of land, whether held by peasant owners or by landlords, necessary as it is for its own sake, is of fundamental importance in the complete social and economic reorganisation of rural society. We have also stressed more than once that agricultural reorganisation is only one part of the cure for rural poverty. As we have seen, it will throw up a considerable surplus of workers, which remains concealed in the present economy. It is the task of economic planning to absorb this surplus in a systematic and organised manner in new forms of work and service. We have to plan a new economy, indeed a new social order, in which there is full-time employment for every one who is able to work. An economic system may *fail* to meet this vital test, as in industrial countries in the West, or may *evade* it, as in agricultural countries in the East. In India, in planning both for agriculture and for industry, we have to keep in mind what may be described as the central unity of the problem of poverty. It is incumbent upon

us to plan industrial activity and to *devise forms of industrial organisation* with a view constantly to the problems and needs of the rural masses. The welfare of the masses is our touchstone for every social and economic policy.

#### INTEGRATION OF RURAL AND INDUSTRIAL ECONOMY

Hitherto, in this country we have thought of our rural and industrial economies as distinct and separate spheres of activity. Labour and raw materials come from villages, and capital, organisation and enterprise come from towns. The benefits of industrialisation, such as they are, reach villages indirectly. A fraction of the rural proletariat obtains permanent or seasonal employment in industry, although the process also adds to the slum population of industrial towns. Large industries provide part of the market for certain rural products, but at every stage in the movement of raw materials from the village to the factory, the primary producer is the weaker party. The purchasing power of our rural population is so low that for the great majority of factory products demand is almost wholly limited to relatively prosperous sections of the urban population. The village as such never enters into industrial projects, whether they are sponsored by private enterprise or by the State.

Plans of economic development which are now before the public do not seek to depart from these assumptions. None of them attempts to integrate the village economy with the industrial economy. For this omission there are of course good reasons. So long as a rural economy is based on petty farming, there is in fact no direct way of linking it with units of industry. Here and there

a group of village artisans may be brought together for a time by a contractor or a merchant working on special orders. More often, individual artisans, such as shoemakers or weavers, may work partly for customers in the village, and partly for merchants. The relationship with the merchant-buyer is entirely personal. He may have advanced a loan or provided the raw materials. Now and again, in odd villages, one may come across an enterprising landowner, who secures orders, engages a number of villagers on piece-wages, and perhaps provides them with simple tools. Apart from such minor links rural society has little to do with the organisation of modern industries. It is not, therefore, altogether surprising that in all our plans for future industrial development we should more or less lose sight of the village.

To do so, however, implies that the planned development of industries will not relieve rural poverty to an extent at all commensurate with our investment and with the sacrifice which a community makes when it seeks to concentrate into a period of fifteen or twenty years a degree of industrial development which elsewhere took perhaps three or four generations. Among other things, rapid industrialisation involves a high rate of capital accumulation and, therefore, a smaller relative increase in consumption than may be otherwise possible. To a large extent, capital resources will be mobilised voluntarily, but it is certain that savings among all sections of the population will have to be stimulated and brought out by means of special measures which may possibly cause some hardship. As the industrial process gathers strength and the machine comes to occupy the central place in the life of the worker, we shall witness here, what the West knows only too well, the psychological and social stresses of modern industrialism. By

fitting the village into our industrial scheme, we have the opportunity of achieving an industrial system which combines in a considerable measure the advantages both of rural civilisation and of industrial efficiency.

The nature of the opportunity which lies before us will be obvious if we contemplate industrialisation against the background of a developing plan of re-organisation of our peasant society on the principles of joint management. When the entire area of a village is managed jointly, whatever the nature of the internal organisation, the village has the means and the ability to take a distinctive part in the industrial economy. When the labour of a village and the resources of an area of, say, 1,000, 2,000 or 3,000 acres, are fully organised and developed by the use of capital, the jointly managed village will have funds and organising capacity in a degree which at present we can scarcely envisage.

#### VILLAGE ARTISANS

There are four ways in which the jointly managed village will participate in industry. In the first place, as at present, village artisans will continue to meet the needs of the village, for instance, in the matter of footwear or cloth. They will ordinarily work for individuals, but if capital equipment of a somewhat expensive kind is needed for improving the quality of the local product, and can be adopted without much difficulty, the joint organisation of the village can bring the artisans of each class into a cooperative association. It may be expected that gradually artisans like carpenters and blacksmiths will be called upon to perform services which require higher technical skill than they now possess. Similarly, as consumers' tastes develop, village artisans like shoe-

makers, weavers, potters, and carpenters will be required to produce articles which call for superior techniques. Whether cooperative organisation will improve the position of artisans of any particular class depends largely on the nature of the existing and the potential demand for their products and the extent to which capital equipment will add to their productivity. Wherever cooperation is in the interest of artisans, it will be one of the objects of the joint organisation of a village to organise it. Such cooperation may be organised within a village or for groups of villages, according to the requirements of the enterprises which we have in view. Although joint village management arises at first from a combination of the landholders, the membership, activities and objects of a joint village organisation cannot be limited to them. The joint organisation will include village artisans, no less than other groups, and, since artisans in a progressive society are not in any sense a closed group, their effective organisation and development is equally necessary for all sections of the village community. The joint organisation is to be looked upon in fact as the primary instrument of social and economic change for *every* group in peasant society.

#### PROCESSING OF LOCAL PRODUCTS

In the second place, the village will undertake processing, wherever possible, of local produce. Thus, the village dairy will acquire the necessary equipment for the preparation of ghee and possibly other milk products like butter and cheese, which will be offered for sale. Preservation and canning of fruit products may also be undertaken. It may be that for certain



lines the output of one village will not be sufficient for a plant. In that event, the unit of industrial production may include a number of villages, all of which will cooperate in setting it up.

#### DECENTRALISATION OF INDUSTRY

In both the lines of industrial activity which we have explained above, the village acts as a producer largely on its own initiative. The State may assist by way of technical guidance, and perhaps also in finance, but the job of organising production and sale has to be done mainly by the jointly managed village itself.

In modern industry, particularly in the production of consumers' goods, it often pays to decentralise certain processes or stages leading up to the final product. Thus, different parts may be made in a number of places, and the work of assembling may be done at central workshops. In all such cases, jointly managed villages can act as *sub-producers* working in liaison with organised industry, which may be under private enterprise or may be State-owned and State-managed.

The concentration of large populations in industrial towns entails indirect social and economic costs which are often overlooked. In the conditions which prevail in India, we have every reason to make decentralisation a *positive* aspect of industrial policy. The point to which decentralisation can be carried in each industry will be determined entirely by the extent to which it leads to economies greater than those otherwise available. In so many ways the State can create the conditions which, in given situations, make decentralisation obviously profitable for the parent concerns. Thus, for example, electric power, cheap and efficient transport, and facilities for

training labour can be provided in rural centres. These facilities can be turned to profit by organised industry, whether it happens to be under private enterprise or under State management. When it is a matter of industrial costs, we should not of course make a fetish of the village. And yet, wherever decentralisation implies economy, there is no reason why the village should not be a better agency than individual contractors. Often contractors have to look to rural areas for labour. They can scarcely be provided at public expense with aids and concessions which will doubtless be placed at the disposal of villages. It is by no means beyond our capacity to set up machinery for giving the necessary technical guidance and help to villages. If decentralisation is accepted as a sound principle in the conditions which we have described, it should not be very difficult to ensure that villages become fully efficient units of production in carrying out such industrial jobs as they undertake in relation to organised industry.

#### FORMS OF INDUSTRIAL ORGANISATION

We have so far considered the village as an industrial producer on its own initiative, and as a sub-producer working for industrial concerns on decentralised processes. A brief account of the principal forms of industrial organisation will help us to define the part which the village can play in the organisation of large-scale industry.

In modern economic life, even in countries which have a competitive economy, the State performs functions of a fundamental character. Until a few years ago, in India, it was content to gather its taxes, secure certain limited rights for the industrial worker, provide for some

industries a measure of protection against foreign competition, and insist through legislation such as the Indian Companies Act on a minimum of conformity with social interest on the part of *entrepreneurs* and company promoters. The present war has brought experience and understanding of industrial problems such as did not exist before. Control over raw materials, transport, capital issues, imports and exports, sources of power, and over the supply of skilled and unskilled labour, has placed upon the State responsibility for the planned use and development of resources with the needs of war as the coordinating objective. In other words, given the will, through knowledge and experience gained during the war, the State is now in a position to set up administrative and technical machinery for undertaking and directing industrial development and for planning the use of resources with the problem of mass poverty as the coordinating objective.

A State which knows its objectives can guide, control and assist private enterprise in the interest of the community. It can also undertake certain types of enterprise on its own responsibility. There is ground for agreement that certain industries should be run as State concerns. These are, for instance, coal, iron and steel, non-ferrous metals, heavy chemicals, electrical generating and transforming stations, shipping and ship-building, armaments and explosives, manufacture of telegraph and telephone apparatus, etc. The State will also accept responsibility for industries in which private enterprise is not willing to risk its money, either because there is no assured demand, or because profits are uncertain. In some of these industries there may be circumstances which justify immediate production even at a financial loss to the community. In others it may

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be better to wait until the basic conditions of production can be made more favourable.

So long as the broad framework of a competitive economy remains or is accepted, private initiative has its place in any scheme of planned development. In certain industries, private enterprise has advantages over public management and is in practice more likely to be adopted. Such industries may be in the nature of personal services or may cater for special demands which do not form part of bulk consumption in the community. Or they may entail pioneering, discovery of new demand or risk of a special character. Examples of activities which are particularly suited to private enterprise are jewellery, cutlery, perfumery, confectionery, printing, glass manufacture, production of smokers' requisites, retail trade and contract work.

There is a large territory between the sphere which belongs properly to the State and that which belongs even in principle to private enterprise. In this intermediate field, we have to determine the forms of ownership and management, which will combine (1) maximum technical and managerial efficiency, (2) the fullest mobilisation of savings, and (3) the greatest social and economic advantage to the community as a whole. Although in this study we are not directly concerned with problems of industrial development, it may be observed that there are two groups of industries in which the jointly managed village can play a distinctive part by way of investment and of control.

#### BROAD-BASED INVESTMENT AND PUBLIC MANAGEMENT

The first group consists of industries in which rural products are directly involved, and raw materials are

drawn from within definite territorial limits. Cotton ginning and pressing, the manufacture of sugar, rice and flour milling, and manufacturing from hides and skins, are good examples of such industries. In starting new units, at any rate, in these and other similar lines, we would do well to insist on a State-initiated system of broad-based investment and public management. In this system it will be for the State to determine the location, the scale of each enterprise and the magnitude of investment, and to call for the necessary capital. Villages which fall within the 'territory' of a proposed concern can participate through their joint organisations as subscribers and shareholders. In each concern, about ten per cent of the capital may be invested by the State, about 50 per cent by jointly managed villages, and the balance by individuals in their own right, subject to a maximum which no one may exceed. The proportions are a matter of discretion and can be determined according to local circumstances. In certain cases the State may have to take a larger share in the investment at first, but may later pass some of its shares to jointly managed villages. Thus, if the State is prepared to play its part, the fact that jointly managed villages have not come into existence in any particular area need not delay the establishment of a new industry on the principles of broad-based investment and management as a public service. By investing in a concern which it itself initiates, the State will emphasise its own responsibility. By getting a substantial part of the capital from jointly managed villages we assure to them a corresponding share in control over enterprises which affect their prosperity very closely. In enabling individuals to take part as investors, we recognise the right of every man to save part of his income

and to invest it as he likes. This will stimulate savings and will at the same time help us to find a balance between social and individual claims.

In concerns which are thus capitalised, management will necessarily be a kind of public service. It should not be departmentalised by any means, but should be under separate corporations formed at the instance of provincial governments. Such corporations may contain representatives of Government, of directorates of concerns conducted under the direction of the corporations, and of labour, management and financial institutions. On the directorate of each concern, the shareholders (including jointly managed villages), the workers and the State will all be represented. When labour holds a place of partnership in a concern and has a share in the controlling organisation, its interests should be identical with those of the concern itself. On these terms, capital and labour need no longer be opposite interests in the organisation of industry. Since ownership in each concern will be broad-based, and each concern will work in accordance with a larger social policy, there should be no inherent cause for conflict between labour, management and capital. Should a contingency arise in which costs have to be cut, the sacrifice would be shared equally all along the line.

There is a second group of industries in the intermediate field, which has been described above, in which the jointly managed village can play an important part. Industries in which technical progress largely depends on the development of appropriate raw materials have necessarily very close links with the rural economy. The best examples in this group are silk and woollen manufactures, and tobacco and oil products. It is most unlikely that we can secure the proper develop-

ment of sheep-breeding or sericulture or tobacco cultivation through the indirect action of private industrial enterprises. Here, too, it is for the State (on central, provincial or regional lines) to take the initiative to obtain capital on as broad a social basis as possible, and to organise management as a public service.

It is characteristic of industries in this group, as in the last, that the jointly managed village comes to occupy an essential place in the structure of industry. Villages will act as corporate investors in industry, drawing upon their common reserves, and upon the savings of all sections of the population, and will share in industrial control at least in proportion to their investment. At the same time, it will be open to individuals, whether villagers or others, to save and invest as individuals. In the production of raw materials, and in the supply of labour and trained personnel, the results of this close integration will be to the advantage of rural life as well as of industrial progress.

In the sphere which we have ear-marked for State-initiated cooperative production, other things being equal, industries will be located largely with a view to relieving the pressure of population in the poorer and the more congested rural areas. With management organised as a public service, the poorer and more backward sections of the community will have much greater opportunity for employment *at all levels* than under any system of private enterprise. When workers of all grades have constant opportunity and inducement to work up to functions and responsibilities of a higher order, the real distinction in industry will not be between labour, management and capital but, as it should be, between different categories of workers. Since the State takes the initiative in organising production and inviting capital, it may

be expected that risks and possibilities will be carefully assessed, and accurately placed before the public. There will be organised public scrutiny in respect of accounts, efficiency and financial operations. Sharp deals and speculative risks will be as out of place as attempts to evade taxation or to circumvent the law. When investors—and among them jointly managed villages—are called upon to invest in the light of greater knowledge and confidence than private enterprise can generally offer, we are likely to tap and mobilise the resources of individuals as well as of corporate bodies to an extent which cannot be achieved under any other system of voluntary investment.

In industries which have a close and immediate connection with the rural economy, bulk demand can be reckoned upon, so that public management need not be technically less efficient nor commercially less profitable than private enterprise. On the other hand, in enterprises which the State initiates and organises on the basis of a widely dispersed ownership of capital, it is possible to ensure that every unit is started on a scale at which the highest efficiency can be achieved, and is managed by men with the necessary ability, equipment and social responsibility.

#### LINES OF DEVELOPMENT

The principles which we have set out for industries in which jointly managed villages are likely to take an important share have indeed a wider application. In the area which lies between State and private enterprise, there are a number of industries which do not directly involve the rural economy, but have an assured demand and will be readily taken up by private enterprise.



Industries such as paper, bicycles and accessories, typewriters, oil engines, steam engines, tube-well apparatus and certain items of agricultural machinery, may be cited as suitable examples. In each of these industries, we cannot say on *a priori* grounds whether technical and managerial efficiency and the mobilisation of capital resources will be better served through private enterprise than through a system of broad-based investment and public management organised at the instance of the State. It will be for the planning authority to study the resources and potentialities in every case, and to determine in advance the forms of organisation which should be followed in particular industries. Wherever some form of public management is preferred to private enterprise, the principles which we have suggested for bringing jointly managed villages into a substantial part of the industrial structure can serve as a useful guide. The State will take all preliminary steps and determine the location, the size of the plant and the magnitude of the initial investment; capital will be called for in shares of small value from the entire community, so as to tap every section and layer, and the State will itself contribute towards it. There will be a maximum beyond which no individual may subscribe, and it will be for consideration whether restrictions should or should not be placed on the transferability of shares.

It may be urged that a wide application of principles such as these is likely in our present stage of social development to be in the best interests of the entire community, because they are capable both of securing full mobilisation of individual and corporate savings, technical and managerial efficiency, and the rights of workers, and also of making ownership so broad-based as to identify it to a large extent with society itself.

There will be new opportunities for leadership, initiative and individual reward, but personal qualities and aspirations will mainly fulfil themselves through the performance of functions which are accepted as socially advantageous.

Our object in this study, however, is not so much to offer patterns for industrial organisation in India as to define the role of the village in the industrial structure, and to suggest the kind of industrial environment which will best serve the welfare of the rural masses. Problems of industrial organisation are among the most difficult that any society has to meet, and what seems desirable as an end may become possible only after certain developments have taken place, such as, for instance, the growth of a large body of highly skilled managerial and technical personnel with the necessary social attitudes. As we have said more than once, agricultural reorganisation can be undertaken successfully and without severe social dislocation only if simultaneously we are able to develop other forms of work and service. These latter are of course not limited to industry, for the extraordinary diversity of occupations which we find in Western countries arises from the fact that they are highly organised industrial societies, which demand the most varied services.\*

\* Mr. Colin Clark classifies production as primary, secondary and tertiary. "Under the former we include agricultural and pastoral production, fishing, forestry and hunting. Mining is more properly included with secondary production, covering manufacturing, building construction and public works, gas and electricity supply. Tertiary production is defined by difference as consisting of all other economic activities, the principal of which are distribution, transport, public administration, domestic service, and all other activities producing a non-material output." In U. S. A. and U. K. nearly 50 per cent of workers are employed in tertiary occupations. In Australia the figure stands at 46.2 per cent, in Ireland it is 33.5 per cent, in France 35.3 per cent, in Denmark 36.8 per cent, in Germany, 37.2 per cent. In U. S. S. R. in 1926 10.5 per cent of workers were engaged in tertiary occupations. The figure of 23.2 per cent, given by Mr. Colin Clark for India, should be interpreted in the light of two important

In India too, quite apart from the direct employment which agriculture and industry will afford, we may expect a steady evolution of new occupations. The expansion of industry is only the spearhead of a much wider programme of rapid economic development. "Tertiary" occupations will grow to the extent to which industry grows, and to the extent that the mass of the population are associated with and directly benefit from the progress of industry. To regard the rural masses merely as potential labourers and producers of raw materials is to confuse means and ends, and indeed to miss the true purpose of planned economic development. We should so devise our institutions that the masses can take an increasing part in the processes of industrial investment and control, and share adequately in employment *at all levels and in all occupations*. Thus, from the aspect of rural society, it is as important that new industries should come into existence as that the growth of industry should be related *at each stage* to the welfare of the community as a whole and should bring new opportunities, particularly to those sections of the population who have long been submerged in poverty.

As units of investment, villages which come under joint management will directly enter only into a small sector of industry. This sector includes, as we have already explained, two groups of industries. In the first group we have industries which draw their raw materials from within definite territorial limits. Jointly managed villages come into them as a matter, as it were,

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facts. The great majority of these workers are in rural areas. Secondly, many of them cannot possibly make a living wholly by the occupations which have been ascribed to them. There are a number of 'census' occupations which are of little more than metaphorical significance. *Conditions of Economic Progress* (1940), Chapter V. See also Colin Clark: *The Economics of 1960* (1940), Chapter III.

of local interest. The second group of industries—silk and woollen manufactures, tobacco products, etc.—are conducted on a very much larger scale. Jointly managed villages have a part to play in them, not so much because of any possible association between the industrial unit and the source of raw materials, as because the development of raw materials will to a large extent determine the quality of the final product, and therefore the total progress of the industry. It is not suggested that the setting up of new units in these two groups of industries should wait until jointly managed villages have come into being. If the integration which we have proposed is acceptable, then it is of course possible for the State to take a larger hand in the capitalisation of these units, and to part with shares in favour of jointly managed villages at a later date. Since the idea is still untried, there is room for difference of opinion in regard to the part which jointly managed villages can play in any section of modern industry, but if the principles are acceptable, they should be put to the test of practical experience.

The other industrial possibilities of jointly managed villages can, however, be scarcely a matter of dispute. The village can and must be a producer on its own in so far as this is possible through the organisation of its artisans and through the organisation of small processing industries. Secondly, it will be to the interest both of organised industry and of villages if decentralisation of industrial processes is carried as far as it is economically possible to do so. The State can do much to create the conditions under which decentralisation will secure economies and social advantages which centralisation fails to secure. Thus we see the jointly managed village of the future, not merely as a producer of raw materials and as a social unit from which men go out to work in

towns, but as a community of rural workers, which is distinguished by a rich diversity in occupations, which has a share in investment, management and control in relation to several modern industries, and which offers in its rural setting many of the real advantages of an urban civilisation.

This chapter does little more than throw out hints for so planning and organising the industrialisation of India that the masses stand to gain from it in the greatest possible measure. These suggestions have to be pursued in due course in detail in terms of individual industries and individual regions in every part of the country. Some of them depart considerably from the established assumptions about the development of industries in India, and perhaps also from the expectations of the interests concerned. This is a subject by itself and may be left to a later study. It will be useful, however, even at the risk of some repetition, to add a word of explanation about the relationship of the general suggestions offered in this chapter to the scheme of rural reorganisation worked out in the earlier chapters.

Joint management makes it possible for us to use the village as an organisational base for industrial development. This does not mean that the village has to become self-sufficient. On the other hand, for some kinds of economic activity, the village will be an appropriate unit; for some, groups of villages will have to be brought together; for some others, we should have to conceive of the problem of organisation in terms of whole regions. The principles of broad-based investment and management as a public service are a necessary corollary to any attempt to introduce industrial activity in rural areas other than through the agency of private enterprise. It is important to recognise that if we

attempt the development of new forms of work and services in villages through the agency of private enterprise, we invite the failure of all schemes for the reorganisation of the rural economy. Within a village, private enterprise in non-agricultural activities, and joint management in agricultural activities, are not consistent with each other. It follows that in all industries which lend themselves sufficiently to integration with the rural economy, public management rather than private enterprise must be the basic principle of organisation. It follows also that in pursuing decentralisation as a positive policy (to be carried so far as it can be made to yield economies not otherwise available), for some purposes the village will be the unit, for some others groups of villages will have to be organised together. Here too, in enterprises which serve rural areas, management has to be organised as a kind of public service.

*Up to this point* our proposals are vital to the effective development of jointly managed villages. Beyond this point, however, we are in the realm of issues in industrial organisation which are not *at present* germane to the limited problem of reorganisation in rural society. In this study, it is not possible to give more than a postscript to these issues. The leading questions are : (1) What are the industries which the State should own and manage? (2) What are the industries which belong in principle to the field of private enterprise? (3) In the intermediate field between (1) and (2), which industries can we organise on the principles of broad-based investment and management as a public service? The main economic considerations which will determine our principles of organisation in respect of any industry are (1) its character as a key industry, (2) technical and managerial efficiency, (3) how the industry has developed.

in the past, and (4) how best the necessary capital can be secured. We have to balance the increased opportunities which public management in an industry brings to several backward sections in the population against the possibility that public management may imply slower technical change or perhaps prices higher than those which, in certain conditions, free competition and private enterprise are able to secure.

Many of those who feel bound by existing patterns of organisation are certain that over the greater part of the industrial field there is no real alternative to private enterprise; as a matter of faith and experience, they regard all other principles of organisation as less efficient. A number of weaknesses commonly ascribed to governments in the industrial field are due to the fact that their machinery was never equipped and designed for undertaking and managing economic enterprises. Given the necessary will and stability, there is little to prevent modern governments from creating the necessary incentives and organisation for carrying out large economic enterprises. Although every country has its own peculiar difficulties, in principle there is no insurmountable reason why, in these days, a government should not be able to devise forms of organisation in which various units of production can act quickly, efficiently and with vision, in the public interest and without red tape. It is true of course that a great deal of courage, imagination, sheer hard work and public spirit are needed for creating and running the immense organisation implicit in the very idea of public management. But are not these attributes the *sine qua non* of any attempt to plan against mass poverty?

## CHAPTER VII

### ADMINISTRATIVE PROBLEMS

#### PREREQUISITES OF PLANNING

**R**EOrganisation of the rural economy and its integration with industry will make considerable demands on the administration. It must be realised that the planner's outlook has to be as large as society itself. He has to place in the forefront of his vision the interest of the community as a whole and watch every possible line of action in its bearing on the poverty of the masses, which means, in Indian conditions, the poverty particularly of the rural masses. While he must be aware of the conflicts of interest which exist within the community itself and know the interaction of various social and economic tendencies, he must have clear and clearly expressed social objectives, and have the ability to pursue them with conviction. A community which sets out to shape its destiny with its own hands must make a supreme and an urgent effort to rise above its limitations.

In this study, we are not concerned with constitutional aspects. It may, however, be said of every country that unless three conditions are met, no serious planning is possible. The first condition is stability of administration and substantial continuity in policy. This implies planning on the basis of a large measure of agreement in the community. The second condition is that whatever the extent of the territory over which the highest planning authority operates, it must have the means to carry through its policy in coordination with the authorities of constituent areas. Thus, a great deal



of diversity in political forms is consistent with economic integration, so that the true basis of common action is found in a synthesis of fundamental constructive ideas, conceived in the interest of the masses. In the third place, since reorganisation involves major changes in the outlook and capacity of the masses, administrations will conceive and execute plans rightly in the measure in which the masses are able to play an active part in the operations of planning. They are the primary instruments of social change and it is vital that they have a corresponding place in the institutions charged with planning for society. If these three basic conditions are satisfied, then it is possible for a community to secure in increasing measure the requisite administrative efficiency, integrity in the discharge of public business, and technical knowledge, all of which are indispensable to the planned use and development of the resources of the community. In a study of this character it is legitimate to assume that these pre-conditions of successful planning will exist, and that a community which wants to eradicate poverty from its midst will strive to outgrow every shortcoming.

#### THE PEASANT'S MIND

Given this assumption, it may be asked how our system of joint village management, which seems to promise so much, will be brought into existence. At first sight the proposition no doubt appears too difficult to implement. How will peasants be persuaded to merge their holdings into a large village farm? For centuries they have worked as individualists. This has been as much their main strength as their main weakness. How can they be induced to grasp or accept the need for joint

management? Will they even regard it as a practical alternative?

No one who knows peasant villages will underrate this great psychological resistance. And yet unless, before it is too late, we create the conditions in which this resistance breaks down or melts away, we have to accept increasing mass poverty as a permanent feature in our social existence. Without some kind of joint management, we cannot make agriculture prosperous, or develop all our human and material resources, or secure the framework within which technique and the organisation of economic activity can act as liberating forces or, finally, bring about that integration with the industrial economy, without which the village can only derive remote and indirect benefits from large-scale industry. The strongest factor in our favour in the village is the feeling, which is gaining fast among peasants, that, with all their unending toil, most of them are inadequately fed, clothed and housed. Their first impulse usually is to seek new land, but they realise that this has become on the whole a forlorn hope. They know, then, even in areas relatively as prosperous as the Punjab colonies, that without new forms of work the prospect before them and their sons is none other than that of growing poverty. The level of prices during the war may have weakened this feeling for the time being, but wise farmers do not regard this prosperity as more than a passing phase.

#### POLICY AND EXPERIMENT

Against this background, our first task is to work out a body of ideas, which are feasible in our given conditions and are in principle acceptable to the people.

The object of this study is to work out and present a preliminary framework of such ideas. On further examination and by planned experiment we shall be able to define our objectives and to discover the best methods for reaching them. Our first major objective—indeed the starting point of planned development—is to replace peacefully over a period of years the existing system of petty farming in peasant villages by some kind of joint management. Other objectives, such as the integration of rural and industrial economies and freedom from poverty and social injustice for inferior and suppressed groups in rural society, cannot be attained except through the achievement of a new organisational framework in the village.

The central point, therefore, on which decision should first be reached is, whether we are prepared to adopt joint management of peasant villages as our principal aim in rural reorganisation. It is a mistake to wait upon small and inconsequential experiments in the hope that they will yield fundamental conclusions. We must make up our minds on principles and know clearly what it is that we seek. Social experiments are useful if they represent a stage in the implementation of a policy decision which has already been taken. They will indeed reveal the limitations under which we operate, the risks and potentialities which exist in different social situations, and the best practical methods of effecting social and economic adjustments, of managing enterprises, of carrying out the principles of democratic control, cooperation and social justice in everyday life. Experiments cannot yield a new outlook or a new philosophy of social action.

## PLANNED EXPERIMENTS

Each provincial government has to determine for itself that joint management is to be achieved along certain principles. Having done this, its second task is to test, modify and develop its practical ideas through actual experiment. Before it can with confidence commend its ideas to villages for general acceptance, it has to adapt them to local settings and so refine them that they are accepted almost readily by peasants as sound and beneficial. This is the stage of planned experiment to which we have already referred more than once. The ideas should be tried out more or less at the same time in about 100 to 200 villages in each province, that is to say, in about four to eight villages in each district.

The villages should be selected with care. Areas in which the people are more ready to accept new ideas, and in which the pressure of population is not too heavy, will be taken up a little in advance of other areas. In each village which agrees to try out joint management Government should provide a farm adviser at its own cost to assist the people in managing their land. In experimental areas farm advisers must be carefully selected agricultural graduates who should have had experience as district agricultural assistants or inspectors, and should be able to work as practical farmers. At a later stage in the programme of change, intelligent working farmers could be put through special training in their own language, and a new type of farm adviser, with roots in the soil, could be turned out. In the villages in which joint management is introduced, the farm adviser will not be an official endowed with governmental authority, whom villagers must obey at all costs. His task is to use his superior knowledge in assisting the village organisation in dis-

charging its difficult responsibilities, and to provide and foster that essential managerial capacity which we can hardly expect villagers to possess in the very early stages. The fact that he is financially independent of the villagers and is the final mouthpiece of a government, which is engaged in a large programme of fundamental reorganisation, will give him sufficient prestige and authority in the village.

It is, of course, essential that the farm adviser should be a person with wide social sympathies and tact and should possess the gift of dealing with men. Like the young Chinese from the universities, he should be able to accept his responsibilities in the spirit of a vocation, wherein work is its own reward. It will fall upon him to train a number of men in the village in farm accounts, in drawing up crop plans etc., and to guide the members of different committees set up by the village organisation for the conduct of common enterprises. It will be useful to place a demonstration plot of ten or fifteen acres in the village at the disposal of the farm adviser. Often he will be required to show results on this plot before asking the village community to adopt new proposals, for instance, in the matter of seeds or fertilisers or mixed cropping. The demonstration plot will be both a test and an opportunity for the farm adviser, and in working it he will have as much to learn as to teach.

In villages which are selected in each district for the purpose of experiment, provincial governments will need to proceed immediately and *simultaneously* with their plans for full employment, education and social services. Within three and at the outside, four or five years, these villages should become, what we may call for want of a better term, model villages. They should reveal to the mind of the ordinary villager the vision that the future

holds for him. Villagers from all over the district will come to fairs and rural folk schools in these model villages. The publicity will need to be intensive and every means of persuasion, which modern educational techniques place at our disposal, will be fully employed. The aim will be to make our basic ideas of reorganisation, as corrected and improved in actual practice, part of the ordinary thought of villagers in every district. We may here take advantage of the fact that as a result of an unprecedented expansion of modern army training in India, we have first-rate material for selecting many of those who will be leaders in rural reorganisation. If at this stage joint village management is felt to be an acceptable line of action, it should become part of the excellent educational courses now provided for the defence forces. It is obvious that if demobilisation of servicemen, who mostly belong to villages, is linked up with large programmes of rural reorganisation, a substantial proportion out of them can be absorbed with great advantage to society. As individual 'guides' working in villages, soldiers can hardly be effective, but as leaders in rural reorganisation, in the wide sense in which we have used these words, their discipline, character and training will make them a force with immense power for good. It is almost certain that some land will be made available for allotment to soldiers after the war in provinces in which there has been heavy recruitment, and possibly in some States. After the last war, areas allotted to soldiers were worked on ordinary peasant principles, so that nothing much was achieved. We have now the opportunity of organising areas set apart for soldiers on the principles of joint village management. By using this opportunity wisely, we can gain both valuable experience and also disciplined and trained men at all

levels for carrying out our plans. If we only use the means at our disposal with the courage and vision of a high purpose and avail of modern techniques of mass education we need not fear for a moment that our efforts will fail.

#### ENABLING LEGISLATION

Having prepared the minds of the people for the change, and determined the lines of action, each administration can proceed, in its own way, to the third stage, namely, legislation. Here the choice lies between compulsory and enabling legislation. It may be anticipated that as a rule enabling legislation will be preferred. It will prescribe that if in a village a certain proportion of the owners (say, two-thirds) holding a defined proportion (say, three-fourths) of the cultivated area resolve upon joint management, the rest of the village will fall in. This measure of compulsion will be sufficient for expressing and carrying out the will of the great majority of peasants in any village. To carry the principle of compulsion beyond the limits we have proposed will stultify the democratic spirit, upon which to a large extent the very conception of joint management depends. It will be wise to leave something to the voluntary and progressive education of the masses, to their capacity to understand and determine their own interest, and to the leaders who emerge from amongst them.

In every village which takes advantage of enabling legislation, Government will be able to provide all those benefits and opportunities which were given to villages in which the first experiments were tried. These include full employment, education, social security, various development services, technical guidance and the pro-

vision of farm advisers. For the first five years the public purse may bear the full cost of farm advisers; in the next five years the cost may be shared equally with a village; thereafter, depending upon the kind of progress it has made, the village community may be able to make its own arrangements for managing its land and other common enterprises.

Enabling legislation will be passed only when public opinion is sufficiently agreed as to the changes which must be brought about if mass poverty is to be rooted out. Given this measure of agreement each province can prepare a ten, fifteen, or even twenty-year plan for reorganising all its peasant villages on the principles of joint management. It is obvious that different areas will not develop at the same pace. In setting the target for each region, its special characteristics and difficulties will naturally be taken into account. In those regions which are very thickly populated, it may be necessary to set up an active process of industrialisation before launching the campaign, but a gradually developing plan may be quite feasible.

Internal difficulties which may arise from what is often called the peasant mentality will be considered in the next chapter. Here it is only necessary to emphasise that it will be a great mistake to be rigid or hide bound in our methods. We should of course be absolutely clear in our purposes and in our principles. If they are correct and in accord with the welfare of the masses, we should have sufficient confidence in ourselves to be able to leave a great deal to the constructive capacity of the people. Indeed it will be essential to stimulate this capacity by every possible means. Once the village community sets foot on the new path, it will soon gather momentum, remarkable social and technical discoveries



will take place, and so raise the level of individuals as well as of society as a whole.

#### FURTHER MEASURES

We have considered so far the lines on which joint management may be introduced by provincial governments. As we have remarked earlier, joint management is offered as a solution for peasant villages only. In two respects several provinces will be required to undertake new legislation. In *zamindari* areas, while hereditary tenants in each village will be reorganised on the basis of joint management, separate action is needed in respect of superior rights. It has been proposed in an earlier chapter, that in the first instance, *rai-yats* should be placed in direct contact with the State and, at a later stage, superior rights existing in each village could be acquired by its joint organisation upon payment of such compensation as the State might determine after some years of rural reorganisation. In regard to areas held by substantial landlords, the rights of workers will be protected by legislation, and farm-owners will be required to contribute to the exchequer at rates of land revenue which will vary with the size of their estates.

For each of these lines of policy the initiative and the responsibility for action will lie with provinces and States. The Centre will probably give financial assistance for particular development plans, which will be worked within the framework to be set up by local governments. There is of course much scope for parallel ideas and conceptions on the part of different administrations. A great deal of the social change, to which we referred before, will follow from what provinces and States do. But a great deal will depend also on

developments in the industrial sphere, in which constituent units can have only a relatively limited initiative. If, therefore, we wish to integrate the rural economy with the industrial structure and to develop fully the industrial potentialities of villages, the industrial plans of the central authority (whatever the extent of its territory) have to be carefully coordinated with the rural and industrial plans of provincial and local authorities. Such coordination is also necessary because the pace at which new forms of work and service can be created has a close bearing on the progress of reorganisation within rural society. In the last analysis, our principal objectives—reorganisation of agriculture, changes in the structure of social values and incentives, the welfare of agricultural workers, and the integration of our rural and industrial economies—are inter-dependent, each stimulating and strengthening the other.

## CHAPTER VIII

### IMPLICATIONS OF CHANGE

THE PROGRAMME of reorganisation which we have set forth in the preceding chapters will lead to important changes in social structure, and economic life. When techniques change and a large number of new occupations come into existence, the significance of caste or hereditary status in old occupations will gradually diminish, while new occupations will be free from any such link. It may also be anticipated that the sort of hierarchy which now marks the social economy of peasant villages will tend to disappear, although for various reasons, leaders and organisers will, for a considerable period, come largely from the ranks of peasant owners. On the whole we have reason to expect a steady decrease in inequality among workers. Differences in income and status will tend to be due, less to accidents of birth and caste, and more to skill, education and achievement.

This joint organisation which will control every common enterprise will contain all families who *belong* to the village, including those who may be temporarily absent from the village. Thus, the social rights of a family need not be affected if its adult workers are employed outside the village, or if they are dependent only on the ownership dividend, or even if there are no adult workers available at all. The place to which each family is entitled in the joint economic organisation of a village should not in any way be adversely influenced by changes and incidence of employment. This implies, further, an equal franchise for all without distinction of caste, status or occupation. To admit differences in franchise,

as between sections of a village community will be inconsistent with the nature and purpose of the social and economic change which we wish to achieve through joint management. Similarly, there will be certain fundamental rights which will belong to all without the least discrimination. These are, for instance, the right to obtain work and the right to education and to all social services on an equal footing with everyone else.

Besides these, there are other social implications of rural reorganisation. In our present rural society it is almost impossible to enforce a system of universal education, even if we are prepared to find money for this purpose. The majority of peasant owners, tenants-at-will, labourers and artisans are engaged in such constant toil for mere subsistence, that few among them are really keen to develop their faculties. Their work, their religion and the customs of their society almost wholly absorb their energies. The utmost they are prepared to do so far is to send their boys to school instead of sending them out to graze the cattle. They do not care for adult education, or for a large extension in the education of girls, and can scarcely conceive of adult women being put through a course for literacy. Even in village communities in which women are active helpers in agricultural work, they do not have any independent importance in the communal life of the village. Decisions are made by the men and, in field work as in other directions, the woman's role is almost always of a secondary character. It would be rash to expect fundamental changes in attitudes until some time after the village community has begun to work on the basis of joint management and a number of other changes have taken place. It may, however, be said that where a village accepts joint management, there will be an active

*will to progress*, and a measure of education will soon be regarded by the rural society itself to be necessary for all human beings. It may be hoped that the introduction of joint management in a village will be followed immediately by a five-year programme for bringing literacy and the necessary measure of general knowledge to every one who resides there. Even to those who can no longer be expected to learn to read and write, it may be possible nevertheless to convey general ideas and to implant a fresh outlook. There are numerous educative influences which the joint village can use with great advantage, but which are likely to remain untapped or ineffective in our present rural society.

Similar considerations apply to other social services. Full education, full employment, and a complete quota of social benefits and technical facilities may be looked upon as essential aspects of a single coordinated policy, which will be brought into operation in each village and in each area, simultaneously with plans for the reorganisation of the rural economy. Where regular contributions from village communities or from individuals are necessary for the growth of social services like unemployment insurance, local veterinary and medical aid and cattle insurance, substantial progress can hardly be expected in our present economy. In so far as the efficiency of a social service depends on the kind of response which people themselves make as consumers, citizens or tax-payers, we are also at a disadvantage. Finally, it is quite unlikely that the present rural economy can meet to any considerable extent the cost of a programme of social services commensurate with the minimum needs of our masses. On each count, in all social services, whether they affect all citizens, or only workers in rural areas, joint management will place us in a strong position.

It is not of course suggested that in any area social services and schemes for economic betterment should wait until we are able to take up or complete the tasks of fundamental reorganisation. It may be urged, however, that the quickest way of developing social services to the fullest extent possible is to place economic reorganisation in the forefront of our programme of action. Indeed, it would be a powerful aid to the success of joint management if it was also known that the change-over would immediately lead to a development of various social services at the instance of the State. It is altogether beyond the means or the capacity of our present rural organisation to achieve freedom from want. But jointly managed villages clearly offer a very favourable environment and outlook for the development of adequate measures of social security. Arrangements can be made, for instance, for ensuring essential requirements to all who live in villages without being able to provide for themselves, whether they are old or weak or young or sick, and also for workers during their transition from village to town. An apparatus of social services, such as the Beveridge Report sets forth, can be envisaged as a future possibility in respect of industrial workers, but is inconceivable in a rural society which fails to change over from petty peasant farming to some kind of joint management. Similarly, given joint village organisation, provision against famine can be made far more efficiently and economically and with much more human dignity than is possible under the present Famine Codes.

It is not in respect of social services only that joint management gives rise to new possibilities of social action. Let us consider, for instance, the character of present-day leadership in villages. The position of

those who pass off as village leaders has little relation to the welfare and progress of the people. To a large extent it is built upon the pursuit of self-interest. Its main strength lies in its connection with feudalistic landlords, petty officials and others who are in a position to injure the folk who do not tacitly accept such leadership. It is this unhealthy state of affairs which largely accounts for increasing corruption in rural life and for the growth of village factions. In the interest of the common people—mostly poor and ignorant and without influence—it is urgent that village leadership should derive its quality and strength from service to the community. With joint management, there will be several common enterprises, for the conduct of which the village will elect managing committees. Those who become chairmen and members of such committees will have to justify the trust reposed in them. To secure results, which the village will no doubt scrutinise critically, they will need to work in terms of public interest. We may hope, therefore, that out of this constructive work undertaken on behalf of the community, a new type of village leadership will emerge, which will thrive on service and achievement rather than on patronage and faction.

From factions in the village we may pass to litigation, which has been one of the most serious developments in rural areas during the past eight or nine decades.\* The capacity of litigation to poison and degrade rural life is unlimited. The growth of litigation is often ascribed to the character of the civil law which the British introduced in India before they had a full under-

\*Hoshiarpur district in the Punjab is notorious for its litigation, but it may be cited to illustrate the point at issue. In 1938, the writer carried out an enquiry into the record of litigation in 38 representative villages over a period of 12 years, 1926-37. During this

standing of Indian rural society. This is true as far as it goes. The real evil lay perhaps in the fact that the new codes of law and procedure let loose new opportunities of exploitation, under complete protection from the State, in a poor and illiterate society based on petty farming, in which every inch of land was worth a fight without end or scruple.

The attempt in recent years in several provinces to introduce statutory village *panchayats* appears to be based on a mistaken diagnosis, even though superficially one of the main objects of *panchayats* is to reduce litigation. In their heyday *panchayats* were successful but strictly limited instruments of village organisation. They were voluntary and informal in character, and the will of a small body of elders representing the dominant groups was law for all who lived in the village. Neither the younger men, nor those who were by birth condemned to subservience in the village, ever questioned that will. There was little economic discontent because, with a relatively small population to feed, the rural economy offered, by the standards of those times, an adequate living even to those to whom it denied social

period, the number of law cases per 100 occupied houses was as follows :

<i>Tahsils</i>	<i>Civil cases</i>	<i>Revenue cases</i>	<i>Criminal cases</i>	<i>Total</i>
Hoshiarpur	56	18	9	83
Dasuya	67	10	12	89
Garhshankar	70	16	13	99
Una	56	19	8	83
Average for district	62	16	10.5	88.5

If it is recalled that on the average a case in the law courts involves perhaps not less than four families, it will be realised that in this district in the course of a single year out of every seven families two are engaged directly in litigation. It may be added that there has been some decrease in litigation in recent years due to restrictive legislation against money-lenders.



rights. Nor did money-lenders have the means or the ability to exploit the weakness of their borrowers. In a completely changed environment, elected *panchayats*, endowed by law with powers of coercion and punishment over the rest of the village (sometimes over two or three villages), and altogether dependent for support on the machinery of the administration, can scarcely be expected to take root. Indeed, they are often found to be a source of mischief and further division in the social life of villages. It is essential that such organisations should arise out of and be closely related to the organic social and economic life of rural communities.

In the system of joint management which has been worked out in this study, the joint organisation has been envisaged as a democratic body, in which all families will be represented and which will be the final source of authority in the village. Except for the preference which peasant owners will enjoy as cultivators in the period of transition, all legal, social and economic rights will in principle be equal and common. Social inequality, bred by centuries of caste, has deep roots and must take time to disappear, but against the forces of change which will now become increasingly active and powerful, those who defend it will fight a losing battle. The joint organisation may elect separate committees for managing its various enterprises according to principles accepted by it. It may also have a committee for deciding local disputes. This committee should be able to deal with all cases which are not of a criminal character. Appeals against its decisions may lie to the parent body, the joint organisation of the village as a whole. Judicial processes will still be available, for instance, in civil cases, if a party receives no satisfaction in the village. Whatever the faults of the present system of law and

procedure, we can amend it and fit it better into our pattern of social rights and obligations, but there can now be no question of scrapping it altogether.

Frequently, during discussion in villages, the question arose whether the chronic disputes, with which every village is familiar, left any room for joint action on a scale implicit in any system of joint management. This is a necessary and a legitimate doubt. Broadly, village disputes relate to (1) rights in the soil, (2) encroachments on one another's land, (3) attempts, in canal-irrigated areas, to encroach on one another's share of water, and (4) domestic differences. The disputes are essentially of a simple character and are natural to a society in which both education and productivity are at a low level, so that there is no conscious dynamic principle of social change at work. The peasant is a shrewd man, but he is easily misled, and such is village leadership at the present time that differences are easily exaggerated and crystallised into lasting enmity. Now, if joint management is successful, the first three categories of disputes will more or less come to an end. Disputes of a domestic nature may present a more difficult problem. A small proportion of these, especially in areas which were not long ago in the hands of tribes still in the pastoral stage, are due to such incidents as kidnapping and abduction. These will diminish as a more settled agricultural life develops. But the main cause of domestic disputes lies perhaps in differences among women in the village. It is scarcely possible to offer a direct solution, but it may be contended that inasmuch as we have accepted the principle of decentralised family farm labour in our system of joint management, domestic differences will not stand in the way of successful village reorganisation. It will be clear,

therefore, that factions and differences, which, at first sight, appear to be one of the worst stumbling blocks to joint management, will be reduced to natural and manageable proportions, to the extent that joint management functions smoothly and according to principles whose justice and fairness are understood by every member of the community.

We have dwelt so far mainly on the social implications of the changes proposed in this study. A few words may now be devoted to their economic implications. To take first the question of rural indebtedness. For half a century or more, the problem has received a great deal of attention and has even been a source of anxiety. The chief weapons employed in dealing with it are cooperative credit, restrictions against money-lenders, debt conciliation and occasional moratoria. There has, however, been some hesitation in probing to the roots of the matter, so that the solutions so far attempted are far from satisfactory. The significance of the common fact that petty farmers are able to meet their simple needs only when harvests are good and agricultural prices adequate has not been fully appreciated. From time to time these assumptions cease to hold good, so that, in the nature of things, peasant farmers accumulate debts which they are unable to pay off. This is the main reason why, taking the country as a whole, in spite of the effort which has been put into it, the cooperative credit movement has yielded such meagre results. A second reason for the weakness of the cooperative credit movement, which is now scarcely in an expanding phase, lies in the fact that in providing loans to small farmers, cooperative credit societies are unable to maintain a correct distinction between credit for consumption and credit for productive purposes.

When a village accepts joint management, existing unsecured debts may remain the concern of individual lenders and borrowers, to be dealt with in due course through the machinery of debt conciliation. Debts which are secured through mortgages of land should, if possible, be settled at once by the parties concerned, or they should be taken over by the joint organisation. Just as the link between the debtor and his mortgaged holding will disappear when a village accepts joint management, so also the creditor will cease to enjoy the produce of the land which he has taken in lieu of his loan. Although the creditor is for the time being in occupation of the land, this cannot give him the right to enter into the scheme of joint management on the same footing as peasant owners. After a jointly managed village takes over a mortgage debt, it should continue to pay an appropriate rate of interest until it can pay off the principal. From now on the transaction will be between the joint organisation and the debtor, from whom regular recoveries can be made. There will be no further connection between the debtor and the creditor. Thanks to the high prices which have prevailed during the present war, in every province, a large proportion of mortgages have been redeemed. This is one of the reasons why we are now at a particularly propitious moment for embarking upon a carefully thought-out plan for introducing joint management in peasant villages. If we allow the next few years to slip by without some positive action of this kind, we are certain to be faced with a whole series of new mortgages which may make the task of organising and carrying out joint village management extremely difficult. In other words, whether a great change which goes to the roots of the structure of a society can be brought about

peacefully and without serious dislocation, depends to no small extent on our ability to grasp the opportune moment.

So much for existing debts. When the area of a village comes to be managed jointly, such borrowing as is necessary for productive purposes can and should be undertaken by the joint organisation. Frequently, it will be undertaken for definite projects, for instance, the installation of a tube-well. Since land will be developed without regard to incidence of ownership, the joint organisation will have much freedom of action. It will draw upon the savings of its own members and pay due interest on the capital so raised. Many of those who have left a village to work elsewhere will find it profitable, nevertheless, to invest their savings in enterprises in their own villages. Individual cultivators will not need to borrow for agricultural purposes, except perhaps occasionally for replacing cattle, in which connection the joint organisation can participate in a large cattle insurance scheme (to be conducted by provincial governments) or arrange for loans and subsidies. Individual families may sometimes find it necessary to borrow on special occasions such as marriages. So far as lending to individuals in the village is concerned, the function will be performed by the local cooperative credit bank, which will also receive savings and current deposits from the villagers. These deposits will go into the banking system as a whole. For specific projects, the joint organisation will ordinarily turn to the central and provincial cooperative banks, but should frequently be able to supplement such aid by loans raised from the village itself. In this way we may expect to see large changes in the entire cooperative credit movement, which will now be in a position altogether to replace the

money-lender, and indeed to offer a much better service to a highly organised rural society. In such a society villagers should have little temptation to hoard precious metals, a consideration which has some significance for our future monetary and commercial policy.

Efficient organisation of credit is only one aspect, though doubtless a most important aspect, of economic efficiency. Within the framework provided by joint management it will be quite possible to work out fully coordinated schemes of crop-planning, minor irrigation works, fruit gardening, cattle improvement, village industries and supplementary occupations such as spinning, poultry, bee-keeping, sericulture, etc. The crop plan for the country as a whole and for each separate part will be based on a proper year-to-year appreciation of requirements on account of food, industries and exports. To expect crop-planning and crop-development, as distinguished from crop-restriction, by legislation or by executive action, so long as agriculture is conducted by petty farmers in scattered holdings, is a false and a futile hope. With joint management, however, each peasant village will have its own plan of development, which will cover every aspect of the social and economic life of its population. Similarly, for large areas which are operated by single landlords, production plans will be prepared in accordance with the demands of social policy. So far as their place in the planned economy is concerned, peasant villages and areas under landlords will stand on much the same footing as subordinate units of production. Such differences as exist between them will be due to their internal constitution. Thus, at every level in the structure of our planned rural economy, we should be able to achieve the fullest coordination of ideas, policies and institutions.

In an environment such as this, we should be able to secure an increasing measure of efficiency. When human and material resources are fully employed and developed, all transactions are carefully accounted for and a great deal of capital investment is undertaken, there is no reason why economies in cost and better yields should not be forthcoming. Altogether, with the development of every means of irrigation at our disposal, economic use of water, conservation of water resources—by afforestation, combatting of soil erosion, etc.,—and careful and scientific farming, agricultural production should greatly increase. Peasant villages can then be as efficient as the best managed private estates. Given education and a social set-up in which men can move forward, the excellent human material which we have in our villages will certainly develop, and in every walk of life we shall find workers in superior grades who have close contact with the soil and a proper understanding of the quality, temperament and needs of the masses.

In an earlier chapter we have explained how in peasant villages the problem of high rents will come to an end. In areas under landlords, rents will be restricted by legislation. Similarly, in peasant villages as well as under landlords, wages for different types of workers will tend to move to adequate levels. It is likely that minimum wage legislation will be undertaken when, due to expansion in the demand for workers, reorganised peasant villages and areas operated by landlords exert a strong pull for labour on one another, and urban and rural industries also compete for skilled and unskilled workers.

Another development which is quite likely is that village shopkeepers will give place to cooperative shops, in which perhaps they will themselves be absorbed as

employees with a share in profits. Under present conditions, cooperative buying is almost impossible, and cooperative selling only takes such attenuated forms as 'cooperative' commission shops which work in grain markets much like ordinary commission agents, and often without the efficiency and resourcefulness of the private dealer. We do not at first envisage any important change in the organisation of grain markets except in so far as their charges are controlled by legislation. What we expect, however, is that in selling their surplus produce in grain markets, jointly managed villages will have all the advantages of big landlords, who are able to sell when they choose to, and can, if necessary, afford to wait. Economy in marketing added to increased production, should go far to increase the wealth which reaches our villages. At a later stage it may become possible to reorganise the entire marketing structure for agricultural products on a pyramidal basis so as to give a much larger place to primary producers than they can otherwise enjoy.

Each village can decide for itself how far it should market its surplus produce jointly. This surplus will consist partly of stocks with individual workers who hold work units and retain a portion of the produce as their work income, and partly of stocks which remain with the joint organisation of a village after it has distributed the ownership dividend, which may be taken partly in kind and partly in money, according to individual circumstances. Each village organisation will have to decide what proportion of its net income should be converted into cash for purposes of investment and deposit, and how much of its produce of grain, fodder and other crops should be retained as a reserve against contingencies. While individual workers will be free



to dispose of their small surpluses as they please, there will be a powerful inducement for them to sell through the joint organisation. A stage may come when there will be scarcely any individual selling in peasant villages. This development will be hastened by the fact that since the same kind of seed is to be used by all cultivators in a jointly managed farm, and perhaps in a whole tract, and each man's crop will receive much the same treatment, grading and standardisation of produce will be comparatively simple problems.

We have discussed briefly some of the positive implications of rural reorganisation. A word must also be said about the possible dangers of a system of joint management which provides for rights in the soil through an ownership dividend. It may seem at first sight that if the ownership dividend is to accrue to an owner, whether he works or does not work, we run the risk of creating a body of idlers and absentees, who will be a dead weight on rural progress. This is certainly a possibility to guard against. The system of rents, which is now widely prevalent in India, is itself a strong inducement to absenteeism. Unless direct management is efficient, it is often less certain and less profitable than a share in the crop or a high cash rent recovered perhaps in advance of the crop. In leasing out his land, an owner incurs no obligation to invest, and whatever income he has is a return for ownership, unaccompanied by any active interest in the management of the land. Joint management will take away from each owner his personal responsibility for managing his own particular piece of land, and will vest this function in the village community as a whole. Each owner will choose for himself whether he is to work in the village or elsewhere. In doing so, he will have the assurance that, whatever

decision he takes, his rights as an owner in the village are safe.

It is to the interest of our agricultural community to set up incentives for encouraging its workers, whether owners or non-owners, to seek occupations other than cultivation or field labour. By giving a measure of confidence to owners, joint management will help to attain mobility without the sacrifice of security. The larger the number of owners who go out to work in towns, the more land we have for allotment in work units or otherwise in the village itself. Those who work away from the village will still regard the village as their real home. Frequently they will leave their families there or come back to spend their leave or to join the community on festive occasions. One important consequence of this continued link will be that they will have a strong inducement to invest their savings in common enterprises in the village. The jointly managed village, unlike the land-starved village we know to-day, will be eager to mobilise the savings of every member of the community in order to develop its land and other enterprises, and will at the same time be in a position to offer profitable lines of investment. At present, purchase of new land is about the only thing for which the villager saves. Another consequence will be that there will be a constant interchange between village and town, which will be valuable to both. Knowledge, experience and capital, gathered by the people of a village outside the village, will fertilise and enrich its social and economic life. The practical outlook of the villager and his contact with mother earth will give a balance and a sense of equity to urban life. There is now a big gap in outlook, dress, behaviour, and manner of life between the urban middle class and the rural classes. The middle

class has little contact with the masses and has consequently developed a narrow view of social interest. The interchange which we envisage will serve to correct these tendencies. Indeed, by retaining the principle of ownership under joint management, we may not only preserve, strengthen and improve the village as a social and economic entity, but may also discover in it *a base for the constitutional and administrative system of the country*. The roots of so many of our most difficult problems, such as poverty, social injustice and communal differences, go back to the same fundamental cause—a poor and ignorant society, in which each seeks his own ends, in which the weak are easily exploited, and religion is often only an excuse for doing injustice to others. Such a society must discover a new faith and begin to recast its foundations, before it can hope to replace false conflicts of power by fair and progressive social, economic and political relationships.

In reaching these conclusions it has been assumed tacitly that all owners will be workers, whether in the village or elsewhere. Will there be no idlers? It should be admitted at once that there may be some owners who may be quite content with their ownership dividend, and may therefore prefer to remain completely idle. In the beginning, their number may be quite large, but two forces will constantly operate against them. When each man's work affects not only his own interest but also that of the community to which he belongs, sheer idleness, as distinguished from rest or leisure, will come to be looked upon with contempt. In other words, by an imperceptible social process, new incentives will begin to guide the conduct of men to a degree which we can hardly visualise at this stage.

In setting forth the advantages which will accrue

from joint management in peasant villages, it may be advisable to emphasise, once again and in conclusion to this argument, the part played by the retention of *ownership* in the form of an ownership dividend. It may seem, when all the other details are under discussion, to be an unwanted drag upon the whole system. This would, however, be a short-sighted and unrealistic interpretation both of the present social structure and of the aims which we have set before us. The principle embodied in the ownership dividend provides the essential motive force—psychological and institutional—which will operate to convert a static into a dynamic economic society. If this essential spring is removed from the mechanism, we return virtually to the proposals, earlier examined and on the evidence rejected, for the nationalisation of land and the outright liquidation of peasant ownership. It is the ownership dividend which will provide continuity with the past, make peace with tradition and sentiment, and above all unlock the incentive in our villages to progress, to experiment and to courageous initiative. Without it, we alienate the most powerful and at present the most intelligent section of the rural community. The future social use of the ownership dividend may be left to the pressure of the new conditions and forces which will arise when group action has become the tradition of our villages, and a measure of security and prosperity has vitalised the outlook and social attitudes of our people.

There are three questions which peasant owners and *raiyats* are apt to ask when the idea of joint management is put to them. Will an owner be allowed to stand out if he prefers to do so? Will an owner be able to break away whenever he pleases? Will an owner be able to sell or mortgage his holding? These are important

questions which must be answered. Joint management implies that a village community should have the right to choose its course, but recalcitrant elements in it should not block its economic progress. As a rule, therefore, once the whole body of peasant proprietors or *rai-yats* come to a decision, defections will not be possible. Small owners will not desire to remain out of joint management, which will bring so many advantages to them. But middle owners with holdings from perhaps 20 to 100 acres, who have areas which they can operate themselves with reasonable efficiency, may sometimes feel that joint management is not in their immediate interest. If they wish to farm their own lands, they should be allowed to do so, and their fields may be consolidated simultaneously with the introduction of joint management. In nine cases out of ten they will not take this line because, by keeping out of joint management, they will mark themselves in the eyes of the community as individuals who are interested only in their own weal, and will on this account lose such prestige and leadership as they have in the village and with reference to the local administration. New leaders will rapidly rise in their place. Each village which decides upon joint management can determine the area—it may be 20, 50 or 100 acres according to local circumstances which should entitle an owner to work entirely on his own. From impressions gathered in various villages, it may be said that few persons with relatively larger holdings will wish to remain out, and that those who choose this course at first will soon seek admission into joint management. But the fact that a person with a sufficiently large area at his disposal is not *forced* to act against his better judgment will only go to strengthen the fabric of joint management. It is possible that this concession to individualism will

in practice lead to difficulties in working out a system of joint management. All that can be said at this stage is that the principle should be admitted first, if only because it operates as a safety valve, and a final decision deferred until we are able to carry out large-scale experiments in provinces and States.

The question of breaking away from the joint organisation, after it has come into existence, is more difficult because of its disturbing effects on a tender and carefully balanced structure, which must take time to establish itself firmly. Clearly, *individuals* who come into a scheme of joint management in a village cannot be allowed to withdraw their holdings at their own pleasure. This need not, however, prevent a village community as a whole from deciding, after a trial of five or ten years, to give up joint management in favour of separate but consolidated holdings. But the changes even in a short period are likely to be so marked and rapid that there is no real danger that such a decision will be taken anywhere. If, however, we have confidence in the soundness of our principles, we should be quite willing to concede, in the enabling legislation itself, that after a prescribed period a village community may discard joint management by the same sort of majority as it was required to show before joint management could be introduced. Thus, even if we are certain that it will be a mistake for a village to break up the system of joint management, and that in fact no village will make such a mistake, the right to determine the basis on which land is to be managed should certainly vest in the village community. In the exercise of this particular right we mean by the term 'village community' the body of owners or *raiyats* who are entitled in the ordinary course to dispose of the use of the land which they hold.

Will an owner will be able to sell or mortgage his holding? This point is certain to arise in the reader's mind and also among villagers when any attempt is made to explain the meaning of joint management. When all the land of a village comes to be managed as one unit, individual holdings lose their separate character and cannot be sold or mortgaged as such. Two questions have to be considered. What is the security on which a peasant owner or *raiyyat* can borrow after he has become a member of a jointly managed farm? What will be the value of his property interest in case he wishes to sell it and leave the village altogether? In peasant villages there will now be no free market in land. In so far as an owner will lose the right to borrow on the security of his land, it may be said that under joint management loans for consumption purposes will always be readily available from the local cooperative bank, while individuals will rarely need to borrow for productive purposes. A man's earnings in any of the enterprises conducted in the village and his general standing in the community will set the limits to his credit. Secondly, it may be expected that in a jointly managed community there will be common funds for assisting the poorer members on special occasions such as marriage and death ceremonies. During contingencies such as failure of crops or cattle disease the State will be able to step in to much better purpose than is at present possible. In the third place, it must also be expected that in a society which is progressive and efficiently organised, sources of social waste will be greatly reduced, so that the *need* for consumption credit will be much less than it is in our existing rural economy. Finally, with higher incomes, people will have less reason to borrow. It follows, therefore, that the inability to mortgage land,

far from being a real handicap, is a restriction in the interest of peasant owners themselves. Freedom to mortgage his land is a right which the peasant cultivator certainly cherishes, but in exercising it he has more to lose than to gain.

The question of sale has a different significance. If a person wishes to leave his village altogether, he should certainly be able to sell his land or his share in the land of the village. Although in peasant villages there will be no free market in land, some idea of land values can always be obtained from sales of areas belonging to substantial landlords. Perhaps the best course will be to fix the price of each man's share at the valuation placed upon his total contribution at the time of changing over from individual holdings to joint management. This is a fair initial valuation, and such increase in value as takes place after the village accepts joint management will be due to the labour and investment of the community as a whole. An owner wishing to sell his land at this price should be able to sell it to the joint organisation only. If individual members of a village community are allowed to sell their shares to one another, the joint organisation will tend to become weak. If outsiders who have no relation to the village community are allowed to come into it through the process of sale and purchase, joint management will not function and will do far more harm than good. There will of course be nothing to bar individuals in jointly managed villages, who wish to invest in land, from buying areas held by landlords outside peasant villages. In jointly managed villages, however, the joint organisation of each village must be the sole buyer. The purchase price may correspond to the valuation placed in the first instance on an individual's share or, if a village prefers, some other



basis may be adopted. It may be feasible to allow a percentage appreciation or depreciation on the first valuation for changes in the price level, but this is a matter for practical experience.

In any study of Indian poverty, the problem of population must loom large. The pace at which our population is increasing and the numbers which it has already reached are doubtless a source of anxiety. It is rash to suggest, as some do, that no matter how far our population grows, we have the means and the capacity to develop our economic resources to an extent sufficient to secure a continuous increase in the standard of living. It is, however, legitimate to say that the problem, as it stands to-day, is still manageable, provided we act with a sense of urgency in reorganising our rural society, and in developing all our economic resources to the utmost limits of our power. It is idle to hope for a fundamental change in the social attitudes which the rural population of India (as indeed of all Asia) have towards family limitation so long as the basic structure of society remains unchanged. Our present structure conceals the true significance of growth in population in the same way as it conceals poverty and injustice and tolerates waste and inefficiency of every kind. When peasant villages are reorganised on the basis of joint management, and their economic life is placed on a new footing, there will be many important changes. New techniques, new forms of work and services and integration with the industrial economy will lead to higher incomes, new social values, new demands on life and to a considerable increase in the organising capacity of the society and of the individuals who compose it.

No one who studies the rural picture in detail can help asking the question, what is the way out? Increase

in population during the past five or six decades has almost certainly absorbed the increase in national income. The new wealth has gone to enrich sections of the business community, the professional classes, and those dependent on public services. Most of those who were poor have on the whole remained so. For some sections such as peasants with uneconomic holdings, landless labourers and several classes of village artisans, poverty has grown and deepened. We are confronted, thus, with a society harbouring a number of false values, in which the new wealth is not passing to those who need it most, in which the bulk of the population remains poor and ignorant, and in which resources are not efficiently organised and developed in the interests of the community. In a situation of this character, there is danger that when, through instinct and suffering, the masses begin to interpret for themselves their state of poverty, the entire social order and the economic system which sustains it may alike collapse. It is necessary, therefore, to think and act, in good time, in terms of new principles of social action.

This study has necessarily a strictly limited purpose. We began with an analysis of poverty in terms of the structure and economic basis of rural society. We found that rapid economic development in modern conditions is not possible so long as we do not change over from petty farming to much larger units of management and operation. The key to this transformation is the acceptance of the peasant village as the vital unit in economic life, as it is already in social life. It was pointed out that only by creating a new organisational framework in rural society, could we hope to achieve efficiency in agriculture, integration between the rural and industrial economy, freedom from want and fear

for village servants and labourers, and a progressive structure of social values and incentives.

In the light of these conditions, we have tried to work out principles of reorganisation which should be in accord with the character, traditions and genius of Indian rural society, and should at the same time lead, over a period of years, to economic efficiency, social justice and democratic freedom. The choice for India, as for every predominantly agricultural country in Asia, lies between, on the one hand, full and immediate collectivism, liquidation of all rights in the soil and a complete break with the past and, on the other, some system of joint management in which peasant economy is reorganised with a view to the efficient use and development of resources, but legitimate rights in the soil are provided for in a separate category. Joint management may seem more difficult than collectivism, in which all men start at the same level, no matter what their past, but it is in accord with the democratic spirit and is the way of peaceful change. It is essentially a method for reconciling the needs of society with the claims of individuals. Its difficulties, such as they are, are inherent in any society which seeks to act and act effectively, but always through a large measure of consent and persuasion. Just as the Collectivist State tends increasingly to admit differences between the earnings and privileges of individuals, a peasant society, working on the principles of joint management will, with changing techniques, tend to become increasingly collectivistic in its method and outlook. The two systems will certainly tend to approach each other, but it is too early to say how closely or how soon. The choice has to be made, nevertheless, sooner or later, by every peasant society, with due regard to its own circumstances and aims.

In considering this issue in terms of the traditions, structure and economic basis of Indian rural society we may assume for our purpose that price mechanism and the framework of a competitive economy will continue during the period for which we are planning. Within this framework, we have two principal instruments of social change, namely, the part which the State can play, and the internal constitution of units of production. Thus, in the rural field, the State is expected to initiate and guide the system of joint management in peasant villages, and to ensure a successful transformation from the present economy. It is also expected to control rents payable to big landlords, to alter land taxation so that landlords contribute adequately to the exchequer, and to remove the rent nexus which now exists in *zamindari* areas between hereditary tenants and those who hold superior rights. Outside the sphere of agriculture, the State has to set out actively to integrate the rural and the industrial economies, and to make certain that rapid industrial development, which is in itself one of our most urgent needs, makes the maximum contribution possible to the welfare of the masses, and that the structure of industry is designed wholly in their interest. One of the principal methods of securing these objects may be to embody in a number of industries, and particularly in those which have close links with the rural economy, the principles of broad-based investment and public management which have been explained in an earlier chapter.

While all units of production will be required to plan the use of their resources in accordance with social policy, their internal constitution will vary. Thus, landlords, in rural society, correspond in a significant sense to that sphere in industry which remains with private enter-

prise; joint management in peasant villages has a parallel in the type of organisation which we have proposed for industries connected directly with the rural economy; and State farms represent a similar principle of organisation to that prevailing in State-owned and State-managed industries. Each type of organisation will generate its own cycle of social and economic change, and a great deal that we cannot yet foresee will arise out of the growth of new forces and situations which will begin to emerge when we set out consciously to rebuild our rural and industrial society from the very foundations.

In the dynamic processes of change that will thus develop, the task of the State, *which will itself be a rapidly changing institution*, will be to plan the use of all resources in the name of the community, to secure the fullest rights to workers in every type of economic organisation and, above all, to seek to create in our own time a society, free from poverty and injustice, in which the supreme principle of social action and the test of all public policy are the interest and welfare of the masses. In furtherance of these aims, there is much that each country can and must do for itself. But, as the United Nations Conference on Food and Agriculture declared, each nation can fully achieve its goal only if all work together.

## A NOTE ON INDIAN REVENUE TERMS

Two Indian revenue terms are particularly necessary for the understanding of the argument of this book: *raiyyat* (also sometimes written as *ryot*) and *zamindar*. The term *raiyyat* has several connôtations. It may be used to describe cultivators as a class or the 'subjects' of a king or ruler. It may stand for independent land-holders, whose tenures are not subject to any limitations, and also for tenants who hold only 'occupancy rights' under others. Throughout this book the word *raiyyats* is used, in distinction from 'peasant owners', as synonymous with occupancy tenants with fixed, permanent and hereditary rights in the soil, whose tenures are subject to certain 'superior' rights.

The word *zamindar* means in northern India any one who owns land and, in the Punjab to an increasing extent, a person who belongs to any of the castes or tribes specified as 'statutory agriculturists' under the Land Alienation Act, 1901, as amended from time to time. In Bengal, Bihar, Orissa and parts of Madras the term always means a person possessing 'superior' or 'overlord' rights in the soil. It is in this sense that it is used throughout this book, so that *zamindars* are distinguished from 'landlords', who hold *land* in their own right and have complete personal control over its management. As has been explained elsewhere, the same individual may be at once, in respect of different pieces of land, a *raiyyat*, a *zamindar* or a full owner.

The term *raiyyatwari* is derived from *raiyyat* and describes a system of settlement and land administration in which, generally, *raiyyats* are *individually* responsible to the State for the payment of land revenue, and no 'overlord' or 'superior' right-holder, or even the village

community acting *jointly*, supervenes between them and the State. In the *zamindari* system, the State is in contact with the *zamindars* who, in turn, collect rents from *raiya*ts, and deposit a part of their rent as land revenue. There has of course been much sub-infeudation of *zamindari* rights, so that we have often to reckon with a whole series of parties above the *raiya*t, but the State's concern is only with the party at the very top. Akin in general function and status to the *zamindars* of Bengal, Bihar, Orissa and Madras, but differing in detail, we have *malguzars* in the Central Provinces, and *talugdars* in parts of the United Provinces.

The expression, *zamindari areas*, as used in this book, covers all those regions or individual villages, in which the rights of peasant farmers—the *raiya*ts—are overlaid, as it were, by certain categories of 'superior' rights such as those of *zamindars*, *malguzars* or *talugdars*. The opposite expression, *non-zamindari areas*, includes areas which are strictly *raiya*t<sup>wari</sup>, and also areas, such as the Punjab and parts of the United Provinces, in which *communities* of peasant proprietors are jointly responsible for the payment of land revenue to the State, and have certain *joint* rights and obligations within the village.

Both in *zamindari* and in *non-zamindari* areas we find, here and there, individuals who may be described as 'substantial landlords'. Frequently they give out their land for cultivation to tenants-at-will on a crop-sharing basis (*batai* or, as in south India, *varam*). Produce rents vary from one region to another and, although they are generally on the high side, it is significant that everywhere custom at least sets a maximum. When *raiya*ts, who are themselves 'tenants', lease out land to tenants-at-will, the latter are commonly known as 'sub-tenants' or, as in Bengal and Bihar, *bargadars*.

STATISTICAL TABLES  
Table I: General Statistics, 1941

(1) Province	(2) Population	(3) Rural population	(4) Male rural population	(5) Number of potential agricultural workers (male) (Estimate for 1941)	(6) Number of districts	(7) Number of villages	(8) Average population per village
Madras ..	49,341,810	41,476,927	20,610,677	7,924,902	25	35,430	1,171
Bombay ..	20,849,840	15,437,671	7,782,653	3,092,718	20	21,472	719
Sind ..	4,535,008	3,643,305	1,994,216	687,819	8	6,583	553
Bengal ..	69,306,525	54,367,749	27,982,619	11,111,808	28	84,213	646
United Provinces ..	55,020,617	48,165,349	25,057,605	12,421,080	48	1,02,388	470
Punjab ..	28,418,819	24,059,855	12,851,461	4,246,562	29	35,269	682
C. P. & Berar ..	16,813,584	14,719,817	7,333,334	3,541,451	19	38,985	978
Bihar ..	36,340,151	34,383,932	17,154,598	7,578,766	16	68,869	499
Orissa ..	8,728,544	8,407,743	4,040,710	1,927,662	6	26,653	315
Assam ..	10,204,733	9,924,111	5,207,488	2,103,841	12	33,560	296
N. W. F. P. ..	3,038,067	2,485,874	1,318,449	502,440	6	2,826	880
Ajmer-Merwara ..	583,693	369,595	191,121	88,298	1	706	524
Baluchistan ..	501,631	401,168	220,040	..	6	1,337	245
Coorg ..	168,726	157,508	86,016	34,258	1	301	523
Delhi ..	917,939	222,253	120,415	44,331	1	305	729
British India	235,769,687	238,222,857	131,960,402	55,305,656	226	459,197	..



Table II : Work Animals and Cultivated Area

(1) Province	(2) Number of work animals (1940)	(3) Number of ploughs (1940-41)	(4) Cultivated area (acres) (1940-41)	(5) Cultivated area less area under tea, coffee and coconut (acres)	(6) Cultivated area per work animal (acres)	(7) Cultivated area per plough (acres)	(8) Assumed average work unit (acres)
Madras ..	7,234,869	4,225,006	41,278,381	40,544,592	5.7	9.8	10
Bombay ..	3,290,130	1,306,373	33,765,345	32,736,910	10.3	25.8	19
Sind ..	856,892	319,348	10,281,919	10,281,896	12	32.2	20
Bengal ..	9,000,665	4,337,108	30,063,578	29,850,478	3.3	6.9	7
United Provinces †	10,863,938	5,195,778	38,808,828	38,802,220	3.6	7.5	7
Punjab ..	5,286,767	2,529,819	31,234,537	31,225,244	5.9	12.3	12
C. P. & Berar	4,629,596	1,678,282	28,275,437	28,275,437	6.1	16.8	12
Bihar ..	6,444,696	2,728,010	24,770,300	24,766,200	3.8	9.1	8
Orissa*	1,874,696	917,229	8,184,519	8,154,257	4.4	8.9	8
Assam ..	2,195,695	1,306,158	8,922,593	8,483,434	4.1	6.8	8
N. W. F. P.	442,789	221,028	2,737,075	2,737,075	6.2	12.4	12
Ajmer-Merwara	73,988	30,876	617,378	617,378	8.3	20	15
Coorg@ ..	50,547	27,635	309,363	269,521	6.1	11	12
Delhi ..	35,446	17,806	220,195	220,195	6.2	12.4	12
British India	52,280,714	24,840,456	259,469,448	257,964,837	..	..	..

† The area shown in column (5) is available for 'ordinary cultivation'.

\* Statistics in columns (2) and (3) relate to 1935 in U.P. and 1935-36 in Orissa.

@ The figure in column (3) is taken from the livestock census of 1935, as the figure for 1940 appears to be inaccurate.

